

BEHIND THE MASKS

**CORRUPTION RED FLAGS IN COVID-19
PUBLIC PROCUREMENT**

Transparency International is the world's leading non-governmental anti-corruption organisation. With more than 100 chapters worldwide, Transparency International has extensive global expertise and understanding of corruption.

Transparency International UK (TI-UK) is the UK chapter of Transparency International. We raise awareness about corruption; advocate legal and regulatory reform at national and international levels; design practical tools for institutions, individuals and companies wishing to combat corruption; and act as a leading centre of anticorruption expertise in the UK.

Acknowledgements

We would like to thank the Joseph Rowntree Charitable Trust, the Julia and Hans Rausing Trust and the David and Elaine Potter Foundation for their generous support that made the research possible.

We are grateful to Chris Smith, David Rowland, Gavin Hayman and Jonathan Cushing for their invaluable insights and comments to strengthen this report.

We used the OpenCorporates reconciliation API to clean company records for analysis.

We thank Tussell and Spend Network for sharing their data on COVID-19 procurement, which was invaluable for quality assuring our own data processing and analysis.

Editor: Steve Goodrich (TI-UK)

Sub-editor: Laura Ripper

Researcher: Tom Wright (TI Global Health)

Images: Cover, p2, p8, p33, p46, p54, p57 – iStock; p15, p21, p39, p44, p52 – Alamy Stock Photo; p40 – Getty Images

© 2024 Transparency International UK. All rights reserved. Reproduction in whole or in parts is permitted, providing that full credit is given to Transparency International UK (TI-UK) and provided that any such reproduction, in whole or in parts, is not sold or incorporated in works that are sold.

Written permission must be sought from Transparency International UK if any such reproduction would adapt or modify the original content.

Published September 2024

Every effort has been made to verify the accuracy of the information contained in this report. All information was believed to be correct as of September 2024. Nevertheless, Transparency International UK cannot accept responsibility for the consequences of its use for other purposes or in other contexts. This report reflects TI-UK's opinion. It should not be taken to represent the views of those quoted unless specifically stated.

Transparency International UK's registered charity number is 1112842.

CONTENTS

KEY TERMS	3
KEY FIGURES	4
EXECUTIVE SUMMARY	7
ISSUES AND RECOMMENDATIONS	10
INTRODUCTION	19
OVERVIEW OF UK COVID-19 PROCUREMENT	20
OPAQUE ACCOUNTING OF PUBLIC EXPENDITURE	24
HIGH-RISK AND IMPROPER CONTRACTS	35
LACK OF PREPAREDNESS FOR COVID-LIKE EMERGENCIES	53
INADEQUATE PROTECTIONS AGAINST MISCONDUCT IN PUBLIC OFFICE	56
CONCLUSION	59
ANNEXES	60
ENDNOTES	68



KEY TERMS

CONTRACTING AUTHORITY

The public body managing the procurement process.

TENDER

An opportunity to compete for a contract, usually published through a tender notice that includes the requirements of the contracting authority.

CONTRACT AWARD NOTICE

A publication providing summarised details of the outcome of the tender process and subsequent contract in an electronic machine-readable format.

CONTRACT

An agreement, usually in writing, setting out all terms and conditions of an engagement between two or more entities.

SUPPLIER

Those awarded the contract to provide the goods or services.

PAYMENTS

Actual disbursements of money made to the supplier.

HIGH-RISK CONTRACT PAYMENTS

A contract we identify that has three or more corruption red flags.

HIGH VALUE CONTRACT

Contracts that exceed a financial threshold defined in law, normally hundreds of thousands of pounds.

KEY FIGURES



Between February 2020 and February 2023 UK authorities signed contracts valued upwards of **£1 trillion.**ⁱ

Official government data shows **£48.1 billion**ⁱⁱ related to the COVID-19 pandemic response in this period, involving over 400 public bodies and 5,000 contracts.

Over **85 per cent** (£41 billion) of these by value went through five bodies:

- Department of Health and Social Care
- Collaborative Procurement Partnership LLPⁱⁱⁱ
- UK Health Security Agency, which includes its predecessor, Public Health England
- NHS England
- Crown Commercial Service



The bulk of pandemic procurement went on buying:

Testing

£23.6 billion

Personal protective equipment

£14.5 billion

Almost two-thirds of all high-value COVID-19 contracts by value, worth £30.7 billion, lacked competition. A year into the pandemic, the UK continued to award most contracts by value without competition, unlike European Union (EU) countries, which on average quickly abandoned this practice.

i Sum of gross current and gross capital procurement. 1 trillion = one thousand billion (1,000,000,000,000).

ii 1 billion = one thousand million (1,000,000,000).

iii A commercial procurement company wholly owned by NHS trusts.

In total, we count 135 high-risk COVID-19 contracts with three or more corruption red flags, totalling £15.3 billion - almost one in three pounds spend on COVID-19 contracts. These merit further investigation and include:

at least **28** contracts worth **£4.1 billion** that went to those with known political connections to the party of government in Westminster – almost one in ten pounds spent on the pandemic response



51 contracts worth a total of **£4 billion** that went through the unlawful 'VIP lane' for personal protective equipment (PPE), 24 of which, with a combined value of £1.7 billion, were referred by politicians from the party of government at the time, or their offices, and 15 of which, totalling £1.7 billion, went to politically connected suppliers

8 contracts worth a total of **£500 million** that went to suppliers no more than 100 days old

10 contracts worth a total of **£223.7 million** that went to 'micro' suppliers typically lacking the financial and human resources to deliver on large projects

124 contracts worth **£11.8 billion** that were published after the legal disclosure deadline, six of which, totalling £706.8 million, were only published a year after their award

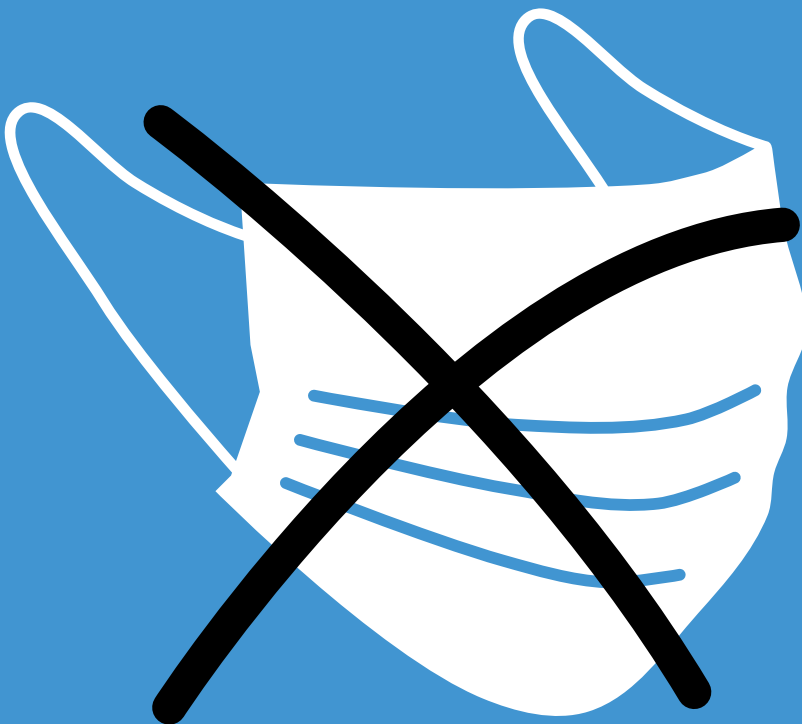


The waste from the UK's approach to COVID-19 procurement is still being counted, but includes:

£1 billion of PPE bought from **25 suppliers** who went through the VIP lane, which was later deemed not fit for purpose, according to Spotlight on Corruption²

£925 million in inflated prices **for PPE** bought through the VIP lane, which on average were 80 per cent higher than those of suppliers engaged through other routes, according to the Good Law Project³

£14.9 billion written-off the value of goods bought by the Department for Health and Social Care over a two year period⁴



EXECUTIVE SUMMARY

The COVID-19 pandemic necessitated an unprecedented public health response, compelling UK authorities to act with unparalleled speed. In the hurry, many skipped standard procurement safeguards, such as competition and due diligence, to procure quicker. These checks are intended to prevent the abuse of entrusted power for private gain, and to ensure that contracts secure the right goods and services for the right price. Yet there is growing evidence that too often the UK's approach was simply to discard these checks, without sufficient justification, at great risk to the public purse and potentially lives.

In 2021, our *Track and Trace* report⁵ provided an initial assessment of problematic procurement practices during the pandemic, using evidence available at the time. This new report draws from a wider pool of data to provide a more comprehensive and up-to-date review of COVID-19 contracting corruption risks, and how to address them going forward. By analysing publicly available data on UK public contracting, official reports, litigation in the courts and public interest journalism, we identify four key issues in the UK's pandemic response. These relate principally to the UK Government, which accounts for the overwhelming proportion of COVID-19 contract awards by value, but can equally apply to devolved institutions.

1. Opaque accounting of public expenditure

During pandemics, transparency can solidify trust in public institutions and dispel doubts. Yet the way in which UK contracting authorities supplied information on procurement was woefully inadequate and opaque.

Compliance with the legal requirement to publish information on high-value contracts within 30 days of award completely collapsed. We found that between February 2020 and February 2023, 1,764 COVID-19 related contracts,^{iv} worth £30.1 billion in total (63 per cent of all COVID-19 contracts by value), were reported after the 30-day legal deadline. Of these, there were 141 high-value contracts, worth £5 billion in total, the details of which were published more than one year after their award. In comparison, on average it took Ukraine less than one day to publish information on 103,263 COVID-19 contracts at the peak of the crisis.⁶

Our research has found that when this data is published, it has so many human errors that it is not possible to easily conduct simple searches, calculate basic metrics or fully trust that each individual notice reflects reality. These inaccuracies severely undermine confidence in the integrity of the data and inhibit its usefulness as an accountability and assurance mechanism.

Separately, research by procurement experts has found that contractual documents for large personal protective equipment (PPE) orders remain unpublished, in contravention of the UK Government's own guidelines.^{7 8} Those that have been made available are often incomplete, lacking basic details on prices paid per unit, or heavily redacted.

These performance issues compound systemic problems with how contracting authorities account for public money. The fragmented and siloed approach to publishing procurement data makes it impossible to follow the money from contract award to payments to suppliers to contract performance. This is not helped by the fact searches need to be made across at least six different procurement portals, often with the same contracts listed multiple times. It took us months of work by a skilled data analyst to pull these notices together into one coherent dataset – resources and time not available to most.

Recent reforms under the Procurement Act 2023 have the potential to solve some of these issues, but the devil is in the detail and there remains a real risk of repeating past mistakes during implementation of the new law. Both the process of procuring goods and services and accounting for this process has been far too analogue to date. Replacing antiquated systems with intelligent and efficient data flows is crucial to delivering greater transparency over the use of public funds.

^{iv} Valued above £215,000.

2. High-risk and improper contracts

Our research found 135 high-risk COVID-19 contracts with three or more corruption red flags, totalling £15.3 billion, whose awards merit further investigation. Individually, these red flags may be explained away. However, in combination and with growing evidence from litigation and public interest reporting, they illustrate the extent to which public money may have been spent improperly.

A serious strategic flaw in the UK's approach to securing goods and services was its unhealthy and persistent reliance on uncompetitive procurement, awarding over £30.7 billion in high-value contracts this way – equivalent to almost two-thirds of all COVID-19 contracts by value. This was not just during the early days of the pandemic. A year into the emergency, UK contracting authorities were still allocating more funds through direct awards to suppliers than through open competition. This approach became increasingly difficult to justify over time, especially when compared with countries in the European Union, which quickly reverted to competitive bidding.⁹

The UK Government's approach not only involved setting aside the rigour of the market, which would normally act as a safeguard against cronyism, but also embedded systemic bias in the awarding of contracts and increased conflicts of interest by design.¹⁰ The so-called VIP and high-priority lanes allowed unqualified politicians to fast-track the reviewing of offers from PPE and testing suppliers – a practice unique to the UK's pandemic response and which an English high court deemed to be unlawful.¹¹ Concurrently, 28 high-risk awards, together worth £4.1 billion, went to suppliers with significant connections to those in the party of government at the time.

To compound these issues, a lack of adequate price and contract management combined with opaque supply chains seemingly increased the risk of excessive profiteering by suppliers. According to internal government documents obtained by the Good Law Project, VIP-lane PPE contract prices were inflated by at least £925 million, to a level on average 80 per cent higher than those of suppliers engaged through other routes.¹² We also calculate that COVID-19 contracts boosted some suppliers' profit margins by as much as 40 per cent.



Overall, these practices are likely to have severely damaged trust in public procurement and UK politics. It is noteworthy that during this period, the UK plummeted to its lowest ever scoring in Transparency International's Corruption Perceptions Index, a composite survey of expert assessments on jurisdictional corruption risk.¹³ This perception is not helped by the staggering waste revealed in the aftermath of COVID-19. In 2023, the Department of Health and Social Care (DHSC) reduced the estimated true value of COVID-19 inventory by £14.9 billion over two years,¹⁴ exceeding the UK's total spend on PPE. Research by Spotlight on Corruption also found that 25 companies in the VIP lane had supplied PPE worth £1 billion that was not fit for purpose.¹⁵ Meanwhile, frontline health workers bore the brunt of unsuitable or unusable products.¹⁶

Investigating what went wrong and holding those responsible to account is crucial in helping to restore trust in politics.

3. Lack of preparedness for COVID-like emergencies

Underlying much of what went wrong was the UK's lack of preparedness for health emergencies such as COVID-19. Urgent demand and scarce supplies were used to justify expedited, corruption-prone processes. Better preparation would have mitigated these pressures, reducing the temptation to take risky shortcuts.

COVID-19 caught the UK off guard, with merely a two-week supply of PPE available.¹⁷ Three issues are apparent. First, either the UK lacked pre-existing emergency frameworks with prequalified suppliers, or those frameworks were disregarded. Second, UK authorities did not have adequate access to supplier mapping to help them find potential competent suppliers or implement contingency plans, such as repurposing local manufacturing. Third, guidance for contracting authorities was limited on what could be justifiably procured under emergency procedures.

Considering the rising risk of another crisis like COVID-19, the relatively minor financial costs of the preparation involved and the uncertain nature of international relations, it is wise for the UK to view COVID-19 as a learning opportunity for enhancing its self-sufficiency in emergencies.

4. Inadequate protections against misconduct in public office

There is now a catalogue of alleged misconduct relating to procurement during the pandemic, much of which includes behaviour enabled by weak safeguards against impropriety. Politically connected donors were able to lobby to secure access to prized government contracts behind closed doors and away from public view. The independence of the body entrusted with overseeing ministerial conduct was, and remains, fettered. An unclear common law offence against misconduct in public office, which is difficult to prosecute in practice, provides a weak deterrent against more serious forms of impropriety. And procurement laws, even new ones, lack some crucial protections against wrongdoing. Failing to address these structural weaknesses leaves the UK exposed to future scandal that would further undermine trust in our democracy.

5. Applying lessons learned

It is hard to disagree that the UK could and should have done much better in its approach to securing the goods and services needed for the pandemic. Some may dismiss this as 20:20 hindsight, yet it is while we have this luxury that we should take stock of how to avoid repeating the same mistakes. It is increasingly clear that events like this are likely to happen several times in our lifetimes, not just once a century. We should prepare accordingly. Considering the cost – to trust, public money and lives – the failure to learn from our experience is too high. In this report we outline 15 key issues, along with recommendations for addressing them that, if implemented effectively, should significantly reduce a repeat of past errors. Given the troubled state of our public finances and woefully low public trust in politics, this is a modest investment for the safety and security of our nation.

ISSUES AND RECOMMENDATIONS

From our review we propose 15 sets of recommendations.^v None of these proposals are expensive to implement. Indeed, several align with the intended reforms of the Procurement Act 2023,^{vi} with many of the others being ‘oven ready’. They would help guard against a repeat of the COVID-19 debacle, set the record straight and better help the public purse.

In summary, we propose that:

- those charged with protecting the purse, including the proposed COVID-19 Corruption Commissioner, should investigate the 135 high-risk contracts we identify in this report, worth a total of £15.3 billion
- the UK should change how it does procurement, better utilising technology to make buying goods and services, and accounting for this money, more seamless and less bureaucratic
- governments across the UK should strengthen their institutional safeguards against impropriety, providing greater openness about attempts to secure public contracts and more robust measures to hold to account those guilty of misconduct

Below we provide an overview of the issues we identify in this report, and more details about our recommendations for change.

Opaque accounting of public expenditure

ISSUE 1: INACCURATE AND INCONSISTENT DATA

We found widespread human error in the procurement data, some of which inflated the value of contracts awarded by public bodies by tens of billions of pounds.

The UK’s current procurement transparency system is riven with inflated contract values, missing data, misspelled contractor and supplier names, and similar inaccuracies. These errors hinder accountability over the use of billions of pounds of public funds and erode trust in public data. Much of this is caused by poor controls on data entry – a classic case of ‘garbage in, garbage out’. Implementing stricter data entry controls and unique identifiers in the UK Government’s new procurement system would enhance data quality and support more comprehensive insights into the management of public funds.

RECOMMENDATION 1

The UK Government should introduce safeguards in the new central digital procurement platform that will:

- **reduce the likelihood of human error.** The UK Government should include data entry controls in the new central digital procurement platform to reduce the risk of error, and add a feedback mechanism to allow the public to report mistakes.
- **enhance contracting authority identification.** The UK Government should work with governments across the UK to incorporate a unique identifier system for contracting authorities across all procurement databases so that this data is much easier to browse and search.

^v Responsibility for implementing these recommendations lies mainly with the UK government, but many also apply to the devolved administrations, notably in relation to procurement regulations and guidance. In the interest of preventing the issues outlined in this report, all UK governments should consider how they can deliver the objectives of the recommendations within their competencies.

^{vi} Currently, procurement regulations are different in Scotland for public authorities that are not cross-border bodies or that carry out reserved functions.

ISSUE 2: DUPLICATE DATA

We found duplicate procurement notices across the UK's five accessible procurement portals that together inflated procurement figures by £30 billion.

Currently, to understand UK public purchasing, requires the use at least six different portals, often finding the same contracts listed multiple times. Getting a clear view of how much money is being spent by public bodies requires costly 'de-duplication' to prevent double counting. The Cabinet Office aims to streamline this with a new central digital procurement platform,¹⁸ but exemptions could lead to contracts being missed or duplicated. It should do more to help identify the same procurement published across multiple locations.

RECOMMENDATION 2

To mitigate the risk of duplicate data, the UK Government should implement cross-referential identifiers for procurements published across different transparency portals.

ISSUE 3: MISSING DATA

We found critical flaws in how public bodies publish procurement data, meaning that the public do not know how much has actually been spent against £48.1 billion of identifiable COVID-19 contracts.

Information on a single contract is often scattered across various platforms: award data on procurement sites, supplier details on company registries and payment records on a range of different websites. Combining this data is vital to understanding the distribution of public funds, but it is frequently unfeasible. Contract award data seldom provides supplier company registration numbers, and it is invariably impossible for the public to see how much authorities have spent against contracts. The Cabinet Office is trying to solve these issues, although this is still a work in progress and we are yet to see a final product addressing them.

RECOMMENDATION 3

To improve the quality and utility of public procurement data, the UK should:

- **unify procurement data.** The Cabinet Office should ensure the consistent inclusion of identifiers for all contracts, as well as supplier and contracting authority identifiers, in spending data published to meet the requirements of the Procurement Act 2023.
- **enhance supplier identification.** The UK Government should require suppliers' official company recognition numbers to be collected on the central digital platform and work with governments across the UK to link with their transparency disclosures.

ISSUE 4: LATE PUBLICATION

We found 124 high-risk contracts, worth £11.8 billion, that were published after the legal disclosure deadline, six of which, totalling £706.8 million, were published only a year after their award.

Late publication of high-risk contracts reflected a more general collapse in compliance with legal timelines for disclosure, with public bodies reporting a total of 1,764 high-value contracts, with a combined value of £30.1 billion, after the 30-day legal deadline (63 per cent of all COVID-19 contracts by value). One hundred and forty-one of these, worth a total of £5 billion, were published more than a year after their award. This has done little to provide assurance over the use of public funds, and has fuelled suspicion that contracting authorities had something to hide.

The Procurement Act 2023 requires contracting authorities to publish information about the award of a contract – whether through competitive or non-competitive processes – before it can enter into the contract with the supplier. In theory, this should provide a stronger incentive for contracting authorities to publish details of their procurement on time. However, given that the previous requirement was also a legal obligation that was far too often ignored, it remains to be seen whether these new rules will bite as intended. To ensure timely access to information on contracts and avoid costly litigation in the courts, parliaments and governments across the UK should do more to ensure compliance with procurement law.

RECOMMENDATION 4

To help improve the timeliness of public access to information about the use of public money, parliaments and governments across the UK should monitor whether contracting authorities are complying with their obligation to publish contract award information on time and take steps to reduce delays if disclosures are still late.

ISSUE 5: MISSING CONTRACT DOCUMENTS

Contract documents are an important part of providing accountability over the terms of a procurement. They can reveal issues, such as biased or large advance payments or overly broad indemnity clauses, which are indicators of foul play. However, the 2023 Procurement Act set a high £5 million publication threshold, without clear justification by the UK Government. Had this rule been in place from 2020, we calculate that authorities would not have had to publish £2.8 billion worth of COVID-19 contracts.

Additionally, the Act mandates authorities to publish contract award notices before contracts are effective but does not require the same of the contract documents themselves. Adopting this approach, proven effective in Slovakia, would provide a strong incentive for compliance with the law, and increase accountability for significant contracts, which typically have the capacity to fulfil these requirements.

RECOMMENDATION 5

To improve businesses' and the public's access to information about public sector contracts, the UK should:

- **reduce the contract publication threshold to a maximum of £2 million.** Via regulation, the UK Government should reduce the threshold for publishing copies of contracts. This should preferably be set to the thresholds in Schedule 1 of the Act but should be no more than £2 million.
- **mandate public disclosure before contract activation.** The UK Government should introduce reforms to make activating a contract valued above the publication threshold contingent on its publication.

ISSUE 6: STONEWALLING REQUESTS FOR INFORMATION

When procurement information is not published proactively, the public can turn to freedom of information (FOI) requests. However, UK public bodies have increasingly avoided or postponed answering these, a practice that grew notably during COVID-19.¹⁹ In 2021, the Public Administration and Constitutional Affairs Committee (PACAC) started looking into use of a 'clearing house' – a unit in the Cabinet Office that allegedly coordinated the blocking of FOI releases.²⁰ The UK Government mostly dismissed the PACAC's suggestions²¹ and the offer of an audit by the Information Commissioner's Office (ICO),²² turning instead to an internally commissioned review. Given the ICO's expertise in this area and its independence from government, it should be allowed to assess impartially whether Whitehall has truly reformed its FOI practices or merely rebranded them.

Incomplete responses to FOI requests for procurement information can also stem from the vague language in the Freedom of Information Act. The Act covers only data that suppliers hold 'on behalf of' a public body, a term whose meaning is often unclear and which protects suppliers from showing information of public importance. In 2015, the Information Commissioner recommended broadening the Freedom of Information Act to include all supplier-held contract details, making them available through FOI requests, with similar calls being made in Scotland.²³

RECOMMENDATION 6

To help restore the public's right to know about the management of public money, the UK should:

- **conduct an audit on the Clearing House.** The Cabinet Office should agree to a voluntary audit by the ICO on its FOI request policies, formerly known as the Clearing House.
- **amend freedom of information legislation.** The UK and Scottish Governments should amend the relevant Freedom of Information Acts to include all information that contractors hold related to contracts for providing public goods, works and services over a reasonable threshold.

High-risk and improper contracts

ISSUE 7: CORRUPTION RED FLAGS IN NEED OF FURTHER INVESTIGATION

Out of the 5,035 COVID-19 contracts included in our research, we found 135 (2 per cent by count) that have three or more corruption risk indicators which merit further investigation. These are worth £15.3 billion, equating to roughly one-third of all the value of all pandemic contracts and matching the total spent on COVID-19 PPE contracts in the UK.

Our analysis provides an opportunity for others, including the COVID-19 inquiry, the National Audit Office (NAO) and the proposed Corruption Commissioner, to target their work more effectively. These investigations are crucial to establishing the facts, securing accountability for anyone involved in wrongdoing and learning lessons for the future.

RECOMMENDATION 7

To provide greater assurance and accountability over the use of public money, relevant authorities should prioritise investigating the 135 contracts we identify worth £15.3 billion with three or more corruption red flags.

ISSUE 8: UNJUSTIFIABLE UNCOMPETITIVE TENDERING

We found that almost two-thirds of all high-value UK COVID-19 contracts, worth £30.7 billion, lacked competition. A year into the pandemic, most of the contracts awarded by value continued to be given without competition – unlike in EU countries, which quickly abandoned this practice.

The lack of a clear legal and common understanding among many public bodies as to what justifies non-competitive procurement undoubtedly contributed to its widespread and ongoing use during COVID-19. While under the old rules contracting authorities could make awards without tendering in cases of extreme and unforeseen emergency not caused by themselves, this was often pushed to and beyond its legal limits.

The Procurement Act 2023 introduces a new power enabling ministers to set clearer criteria for bypassing competitive procurement when there is a danger to life. To avoid a repeat of the mistakes made during the

pandemic, it is crucial that ministers provide guidelines that are as clear and precise as possible in the regulations governing emergency procedures.

RECOMMENDATION 8

To reduce the risk of contracting authorities over-relying on uncompetitive awards during emergency situations, ministers should as much as possible include the following in regulations made under Section 42 of the Procurement Act 2023:

- **define cause for urgency:** clearly describe the specific emergency or event leading to the need for direct awards.
- **limit application:** restrict direct awards exclusively to those addressing the immediate need stemming from the defined event.
- **specify contract types and conditions:** detail with as much specificity as possible the types of contracts covered by the regulation and list all conditions and limitations.

In the absence of similar regulations in Scotland, Scottish ministers should provide clarity over the justified use of emergency procurement powers in guidance.

ISSUE 9: LACK OF PARLIAMENTARY SAFEGUARDS IN NEW EMERGENCY POWERS

New powers in the Procurement Act 2023 could reduce the risk of unjustifiable uncompetitive contract awards, yet they lack robust parliamentary oversight and therefore remain open to abuse.

Under these new powers, ministers can define types of goods and services that can be bought through uncompetitive processes in order to protect lives. This has the potential to improve the previous regulations, that left too much ambiguity as to when contracting authorities could use emergency procedures. However, these powers contain insufficient parliamentary safeguards against abuse, with ministers alone able to repeal them and no requirement for government to justify their ongoing use. Fixing these issues should reduce the potential for misuse of these powers, cut down on costly legal battles, and provide greater assurance over the management of public funds.

RECOMMENDATION 9

To provide stronger checks and balances against executive abuse of new emergency powers, the UK Government should legislate to:

- **introduce a sunset clause for emergency procurement powers.** Any emergency procurement regulation made under Section 42 of the Procurement Act 2023 should automatically expire (i.e. include a 'sunset' clause) after 60 days from taking effect, with the made affirmative procedure only usable twice within the same year for an emergency response.
- **justify renewal of emergency procurement powers to Parliament.** Any renewal should require a ministerial statement to Parliament detailing the continued need for the order, followed by an affirmative procedure in both houses of Parliament.
- **mandate post-crisis reviews of procurement under emergency procurement powers.** There should be a legal requirement for the UK Government to commission and publish an independent review of the use of these powers no later than 12 months after the last crisis period recognised under the powers.

ISSUE 10: POOR MANAGEMENT OF CORRUPTION RISKS

A core principle of good procurement is awarding contracts based on merit, not on personal or professional ties. Yet regular reports of contracts going to politically connected firms have sparked concerns that too many pandemic procurements did not follow this principle.

It is not impossible that some suppliers with political ties will win public contracts. This in itself is not necessarily a problem if the contract was awarded following a robust procurement process and the suppliers provide the goods or services required, to budget. However, when procurement lacks standard safeguards against abuse of public office, public suspicion naturally arises. People begin to question the fairness of the contract awards and what may have occurred behind the scenes. This is particularly acute when the contractor fails to deliver what is required of them.

One way to reduce these suspicions is for suppliers to be upfront about connections with the contracting authority that could present a conflict of interest. Given that public bodies need to undertake these assessments and they are subject to freedom of information requests anyway, there is good reason to publish them proactively for greater assurance over the use of public funds.

RECOMMENDATION 10

To better protect against the perception, or reality, of cronyism in the awarding of public contracts, the UK should require contracting authorities to publish conflicts assessments for major awards. The UK Government should legislate that contracting authorities must publish their conflicts assessments alongside major contract awards, as long as there are no significant legal reasons that this requirement should not be introduced.

ISSUE 11: SYSTEMIC BIAS IN THE AWARDING OF CONTRACTS

The UK Government's use of 'VIP' high-priority lanes to triage suppliers empowered unqualified politicians to prioritise favoured companies during a period in which conflicts of interest were managed poorly. That this route does not seem to have been available to non-Conservative politicians or expert groups such as the British Medical Association, despite the latter being able to refer qualified companies eager to provide much-needed medical supplies, amounts to systemic bias in the UK Government's approach to procuring certain goods during the pandemic.²⁴ This practice did untold damage to trust in the integrity of the pandemic response, and exposed the UK Government to costly and unnecessary legal battles.

It is only through a patchwork of litigation, NAO studies, media reports and belated government disclosures that we know the details of those passing through the VIP lanes for PPE and testing. Even now, the picture we have could be incomplete and would benefit from further interrogation by the UK COVID-19 inquiry. Ideally, it would clarify for the public record the scale and operation of the various VIP lanes.

The UK Government can distance itself from past errors by disclosing any conflicts of interest between suppliers and political referrers. If this has not yet been assessed, they should do so retrospectively and publish the results.

Further, in future emergencies, open publication of assessment processes for supplier offers and potential conflicts of interest would guard against a recurrence of perceptions that cronyism determines the outcome of contracts, not merit.

RECOMMENDATION 11

To help learn from past mistakes and better prepare for future pandemics, the UK should:

- **establish the facts about the UK Government's high-priority lanes.** The UK's COVID-19 inquiry should provide an independent summary of the relevant facts regarding the operation of high-priority lanes prioritising supplier offers during the pandemic. This should include which contracts were prioritised and awarded through the VIP lane for PPE and high-priority lane for testing; correspondence relating to referrals through the PPE and testing priority lanes; and witness statements from those involved in the rationale and operation of these lanes, along with any concerns they had about impropriety.
- **develop transparent criteria for emergency supplier evaluation:** To better prioritise supply offers in future pandemics, governments across the UK should create and openly disseminate clear guidelines for assessing and prioritising offers of goods and services, including managing conflicts of interest, and avoiding systemic political bias in the awarding of contracts.

ISSUE 12: LACK OF ADEQUATE PRICE MANAGEMENT

Early in the pandemic, news reports focused on businesses and individuals receiving huge intermediary fees and large profits and charging high prices. The main implication was that they had unfairly gained from the crisis at the public's expense. There is evidence that in significant instances, major contracting authorities did not consider the risk of excessive supplier profit, nor did they benchmark prices. Further, oversight bodies could not fully assess the risk of profiteering because of poor record-keeping by contracting bodies.²⁵

The public have a right to know who is benefiting from taxpayer funds spent on products that can mean life or

death for some. Yet authorities often redact the cost of items, and there is no single place in which to find this information. In emergencies, the UK Government should require the disclosure of prices for critical products, as the World Health Organization (WHO) advises.²⁶ This would add a layer of accountability and allow both the public and oversight bodies to spot questionable price increases.

There are also substantial gaps in the readily available structured data on UK companies' annual accounts. While in theory this is available for some companies, it is not published by many and is difficult to consolidate and use. Quick and easy access to these accounts in a uniform format enables the public and authorities to efficiently evaluate potential suppliers for significant profit increases linked to public contracts. This could also help in identifying early warning signs in supplier profiles before granting a public contract, an advantage in emergencies where reviewing numerous PDFs is impractical. Companies House is proposing to move towards software-based filing of accounts, which would help deliver this reform. We welcome this development and encourage it to deliver this change as soon as reasonably practicable.



RECOMMENDATION 12

To reduce the risk of excessive profiteering during emergency situations, the UK should:

- **undertake profiteering evaluations, particularly in emergencies.** When a crisis may necessitate emergency procedures, contracting authorities should protect against suppliers seeking excess profits by:
 - price-benchmarking offers of supplies
 - considering the potential for undue profit margins
 - incorporating factors such as ‘company size relative to contract value’ into their assessments
- **consider criminalising profiteering in emergencies.** The UK Government should consider legislating against profiteering during an emergency situation to dissuade companies from taking advantage of any desperate and urgent need for supplies. This has been done in 37 US states.²⁷
- **report prices and identify anomalies.** The UK Government should consider mandatory public price reporting for key products during emergencies, drawing on WHO guidelines and US anti-price gouging laws, to make it possible to identify and penalise excessive markups and to increase transparency.
- **standardise financial reporting and data compilation.** As soon as possible, Companies House should require annual accounts to be submitted in an electronic format and publish them in structured data formats, so it is easier for the public and relevant authorities to analyse anomalies.

ISSUE 13: OPAQUE SUPPLY CHAINS

When big profits are possible, along with intense competition and unreliable supply chains vulnerable to fraud, there may be an increased temptation for suppliers or their agents to secure products from manufacturers through bribery. At least one case suggests that bribery did occur in the PPE supply chain. It is not clear how contracting authorities considered such risks when allocating contracts. This should be part of any future crisis preparedness and response plans.

Furthermore, while the Procurement Act 2023 includes many mandatory grounds for excluding suppliers involved in economic crimes, it does not include companies failing to prevent bribery (Section 7 of the Bribery Act).²⁸ Given that this is a key offence under UK anti-bribery legislation and the equivalent failure to prevent tax evasion offence is included as a ground for mandatory exclusion, the omission of Section 7 seems illogical. Adding this would act as a strong deterrent, as it would bar suppliers from substantial public contracts if their associates commit bribery and they fail to prevent it.

RECOMMENDATION 13

To better detect and deter bribery in emergency supply chains, the UK should:

- **assess corruption and bribery risks in crisis situations.** Contracting authorities should incorporate bribery and corruption risk assessments and mitigation strategies into their procurement practices for crisis responses.
- **include Section 7 of the Bribery Act 2010 as a ground for mandatory exclusion.** The UK Government should amend the Procurement Act 2023 at the earliest opportunity to incorporate Section 7 of the Bribery Act 2010 as grounds for mandatory exclusion, enhancing its ability to deter downstream bribery.

Lack of preparedness for COVID-like emergencies

ISSUE 14: LACK OF PREPAREDNESS INCREASING CORRUPTION RISK

A lack of emergency preparedness, such as not having stockpiles, means that there is more urgency and spending to acquire goods. In other words, it increases the potential gains from corrupt deals and leads to contractors expediting or omitting processes designed to guard against impropriety.

The UK had only around two weeks' worth of stockpiles of PPE when COVID-19 hit. The UK Government has since committed to stocking sufficient supplies for 120 days.²⁹ However, there's a concern that commitment might decline as we get further away from the crisis rendering the initial promise meaningless. Vigilance is therefore key as is the stockpiling of other vital goods.

There is little public evidence to suggest that there was a concerted effort prior to 2020 by UK public authorities to proactively map pandemic-related supply chains or set up frameworks for COVID-like emergencies. The former option should identify contingency plans and potential supply chain bottle necks, while the latter should enable authorities to have a list of pre-vetted qualified suppliers for critical products. These should be incorporated into the UK Government's lessons learned exercise from the pandemic.

The significant use of non-competitive procurement by UK authorities highlights the need to better assist contracting authorities in determining whether their specific circumstances meet the criteria required for justifying non-competitive procedures. Given that uncompetitive contracting can significantly increase costs, it would be a prudent investment of resources to reduce its use where reasonably practicable.

RECOMMENDATION 14

To help reduce the risk of high-risk procurement during future pandemics, the UK should:

- **sustain stockpiling.** The UK Government should ensure consistent and long-term commitment to stockpiling essential supplies, irrespective of the immediate threat environment, to pre-emptively address future health emergencies.
- **develop emergency frameworks.** The UK Government should develop pre-planned emergency frameworks for purchasing goods (such as PPE) and pre-vet suppliers that meet the needs of a long emergency.
- **proactively map supply chains.** Governments across the UK should systematically map critical supply chains to pinpoint bottlenecks and vulnerabilities that may pose challenges during extended emergencies. Additionally, they should identify suitable alternative suppliers and develop contingency plans, such as for when local manufacturing can be repurposed.
- **provide advice and guidance.** The UK and Scottish Governments should supplement any regulation justifying emergency procedures with additional guidance to mitigate excessive use, including:
 - **dynamic emergency procurement lists:** routinely updated lists of products, services and works that contracting authorities can justify procuring under emergency conditions on the basis of historical patterns and the evolving nature of crises
 - **helpdesk for contracting authorities:** in an emergency, the UK Government should equip a helpdesk focused on swiftly assisting contracting authorities that are uncertain about whether their situation allows for non-competitive procurement

Inadequate protections against misconduct in public office

ISSUE 15: WEAK SAFEGUARDS AGAINST MISCONDUCT

COVID-19 procurement has become synonymous with corruption. The cavalier approach to securing critical goods and services sometimes went beyond ignoring processes and procedures, seemingly breaching ethical codes and the law. Not only has this episode caused untold damage to the UK's reputation as a beacon of good governance, but it has also cost the taxpayer tens of billions of pounds and put lives at risk.

It is clear that the current safeguards against impropriety in public office need strengthening. The independent adviser on ministers' interests is independent only

in name, subject to the Prime Minister's patronage and lacking adequate powers to carry out their role effectively. Lobbying across the UK remains woefully opaque, providing cover for inappropriate advocacy, including by parliamentarians, to secure lucrative government contracts for those with privileged political access. There also remains a gap in criminal law, leaving the most egregious behaviour to go unchecked.

Unfortunately, much of this was known before the pandemic. For years, Transparency International UK and others in the UK Anti-Corruption Coalition have been calling for change. Sir Keir Starmer has committed to restoring public service in politics, which includes establishing a new Ethics and Integrity Commission to ensure probity in government. This should form part of a package of reforms that would rebuild confidence in our political system's ability to deliver for the people.

RECOMMENDATION 15

In order to better safeguard against misconduct connected to the award of public contracts, the UK should:

- **deliver on commitments to introduce an Ethics and Integrity Commission.** The UK Government should deliver the Labour Party's manifesto proposal to introduce a new, independent body responsible for executive ethics oversight with:

- statutory footing
- an open and competitive appointments process
- operational independence
- adequate resources and powers

Parliament should consider an alternative backstop arrangement for imposing sanctions where ministers repeatedly and egregiously engage in misconduct without adequate action from the Prime Minister.

- **strengthen the UK's anti-corruption laws.** The UK Government should bring forward legislation for a new statutory offence of corruption in public office to replace the current unclear common law offence of misconduct in public office.
- **improve government transparency disclosures.** Governments across the UK should take steps to improve the timeliness and meaningfulness of their transparency disclosures covering discussions with outside organisations about official business.
- **bring the UK up to modern lobbying transparency standards.** The UK Government should legislate for a comprehensive UK statutory lobbying register, including transparency over the activities of those trying to influence the award of public contracts.

At the earliest opportunity, the UK Government should bring forward amendments to the Procurement Act 2023 to:

- **clarify the rules for when suppliers convicted of wrongdoing can contract.** The amendments should remove Section 58(1)(c) of the Procurement Act 2023, which currently gives contracting authorities discretion to continue engaging suppliers who should be excluded, merely on the grounds that the supplier has made commitments, rather than taking action, to avoid engaging in wrongdoing again.
- **include critical offences.** The amendments should expand the grounds for mandatory exclusion to encompass critical offences from the Money Laundering Regulations 2007.
- **Allow for evidence-based exclusion.** The amendments should empower contracting authorities to exclude suppliers based on substantial evidence of wrongdoing, rather than solely upon conviction.

INTRODUCTION

The COVID-19 pandemic, an unprecedented global crisis, put immense pressure on governments worldwide. The UK faced the ordeal of mobilising vast resources in response. The financial expenditure was staggering, as was the need to rapidly procure essential goods in tumultuous markets defined by soaring demand and constrained supply. Yet amid this chaos, an often-asked question was ‘To what extent did the urgency compromise integrity?’

This report builds on our previous publication, *Track and Trace: Identifying Corruption Risks in UK Public Procurement for the Covid-19 Pandemic*, which focused on procurement between February 2020 and November 2020. Our initial study took place during the pandemic’s most volatile phase and captured a period rife with heightened corruption risks.

In this updated report, we include contracts that authorities signed in 2020 but released too late to be incorporated into our original dataset. Our analysis now extends to February 2023, covering two extra years of procurement data and integrating findings from investigations by journalists, parliamentary committees and the National Audit Office (NAO). We have also updated and refined our methodology for identifying corruption ‘red flags’.

This report presents an unbiased, data-informed analysis of procurement corruption risks in the UK during the pandemic response. It identifies issues for further investigation by the relevant authorities (including the COVID-19 inquiries), recommends measures to mitigate

challenges in future crises, and proposes changes to strengthen the transparency and accountability of procurement more generally.

We sourced the procurement data for this research from five different portals: Public Contracts Scotland, Sell2Wales, Contracts Finder, Tenders Electronic Daily and the Find a Tender service. The procurement notices from these sources provide structured data with essential details about contracts and award processes. In addition, we incorporated company and financial data extracted from Companies House, and we triangulated our data with that provided by Tussell, a company specialising in public procurement analysis. Although we are confident in the near-completeness of this dataset, we acknowledge the presence of ‘known unknowns’ – elements we are aware of but that remain unaccounted for in our data. We include details of these, along with our full methodology and data sources, in Annex 1.

The content is organised into five main sections:

1. Overview of UK COVID-19 procurement:

summarises the spending patterns in UK COVID-19 procurement over three years.

2. Opaque accounting of public expenditure:

examines the broader systemic and performance problems that hinder the public’s ability to obtain information on how money is spent through procurement.

3. High-risk and improper contracts:

summarises the different types of corruption risk, how experts assess those risks, and how the risks presented during procurement of goods and services related to COVID-19.

4. Lack of preparedness for COVID-like emergencies:

reflects on the link between corruption risk and preparedness, and suggests strategies for mitigating the risk of corruption in future emergencies.

5. Inadequate protections against misconduct in public office:

evaluates the existing measures designed to prevent wrongdoing in procurement and in high office, and ways to enhance their effectiveness.

OVERVIEW OF UK COVID-19 PROCUREMENT

Public procurement is the process by which government agencies, in this context ‘contracting authorities’, purchase goods, services and works from external suppliers. This process underpins the public services and infrastructure we use daily – it determines who builds our schools, who repairs our roads, and who supplies our medicines.

UK public procurement costs averaged £341 billion a year from 2018 to 2023,³⁰ and they make up one-third of all public sector expenditure.³¹ When COVID-19 arrived in the UK, governments quickly escalated contracting efforts to secure urgently needed goods and services. In this section we present spending patterns in UK COVID-19 procurement by using official data from February 2020 to February 2023 (for details on how we derived these figures, see Annex 1).

From data available on official procurement portals, we identified £48.1 billion related to the pandemic response. This spending involved:

- 430 buyers
- 2,556 suppliers
- 5,035 contracts

As shown in Chart 1, the value of UK COVID-19 contracts peaked in 2020 at a total of £29.1 billion for the year, exceeding the total for subsequent years. This expenditure gradually declined through 2021 before decreasing to a minimal level by mid-2022 and staying at this low rate until February 2023.

We can divide the types of goods and services bought into six main categories, as shown in Table 1. The combined expenditure on personal protective equipment (PPE) and testing was £38.1 billion, or 79 per cent of the value of all COVID-19 contracts. The contracting authorities awarded almost all the PPE contracts during the period from February to November 2020. Meanwhile, contracts for testing were awarded more consistently over a two-year span from February 2020 to December 2021.

Chart 1: COVID-19 contract award value (£ millions) by quarter, February 2020 to February 2023

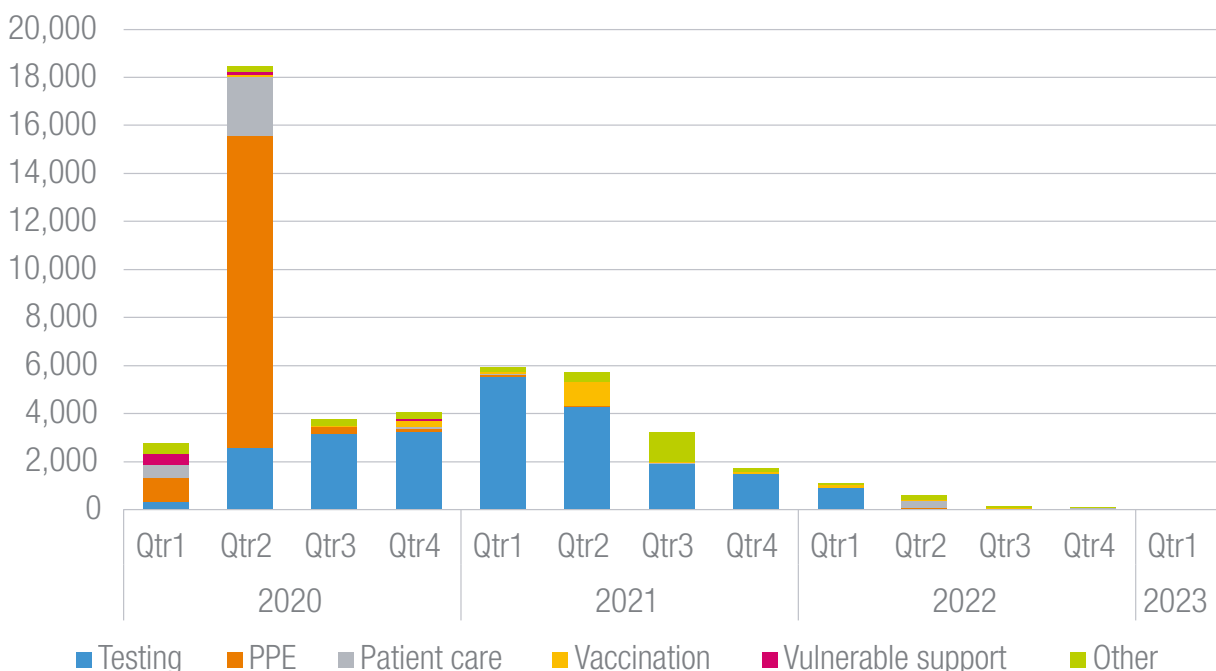


Table 1: COVID-19 procurement spending by goods and service category

Goods / service category	Value of contracts (£ billions)	Proportion of overall spend (%)	Examples of goods and services
Testing	23.6	49.1	Testing kits and components, surveying, contact tracing
PPE	14.5	30.1	Face masks, sanitiser, gloves, gowns, freight services
Patient care	3.9	8.2	Ventilators, hospital services, hospital beds
Other	3.4	7.2	Quarantine and isolation services, media outreach, awareness raising
Vaccination	1.9	3.9	Vaccination services, vaccine supplies
Vulnerable support	0.8	1.6	Food boxes, voucher schemes, social services

An important note is that our data underrepresents the value of vaccination contracts. The then Department for Business, Energy and Industrial Strategy^{vii} published award notices for COVID-19 vaccine supply contracts on behalf of the UK Vaccine Taskforce. Yet due to commercial confidentiality these do not show the value of each contract, and therefore our data does not include them.³² The National Audit Office (NAO) reported that by October 2021 the Vaccine Taskforce had spent £2.8 billion on COVID-19 vaccine supply contracts – a figure that will since have increased significantly.³³

Five contracting authorities signed 85 per cent (£41 billion) of COVID-19 contracts by value:

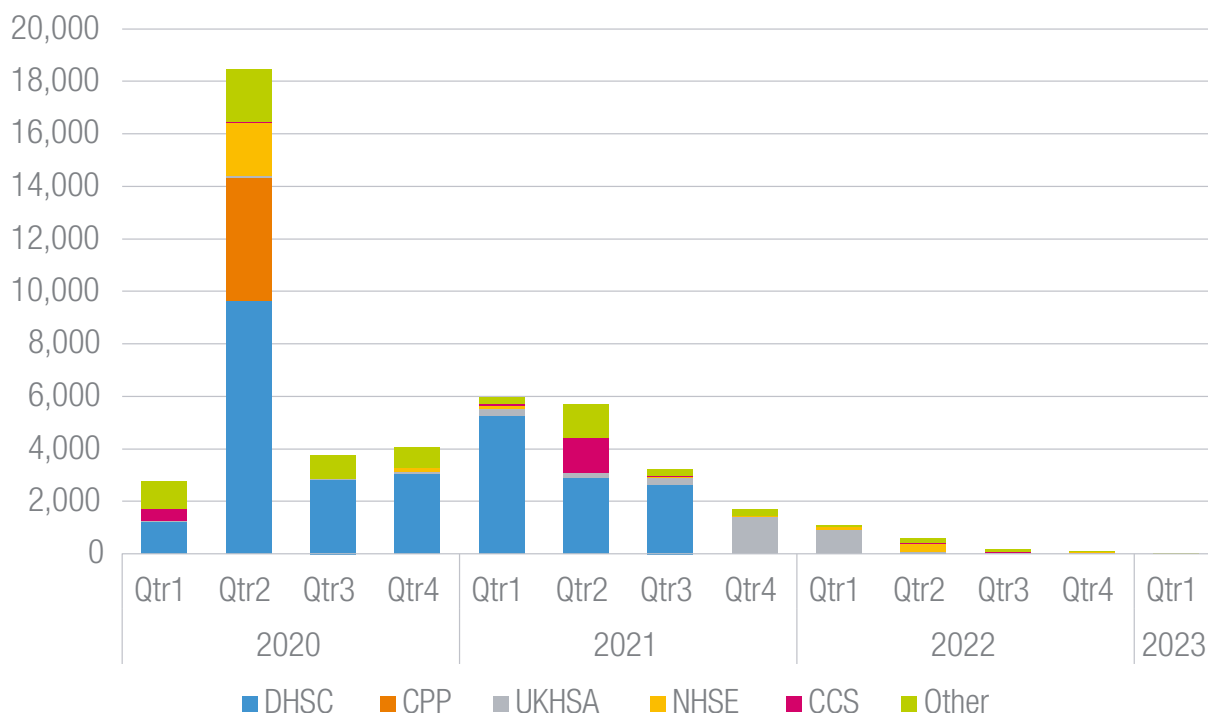
- Department of Health and Social Care (DHSC): £27.6 billion
- Collaborative Procurement Partnership LLP^{viii} (CPP): £4.7 billion
- UK Health Security Agency (UKHSA), which includes its predecessor, Public Health England: £3.4 billion
- NHS England (NHSE): £3.3 billion
- Crown Commercial Service (CCS): £2.1 billion



^{vii} Now the Department for Business and Trade.

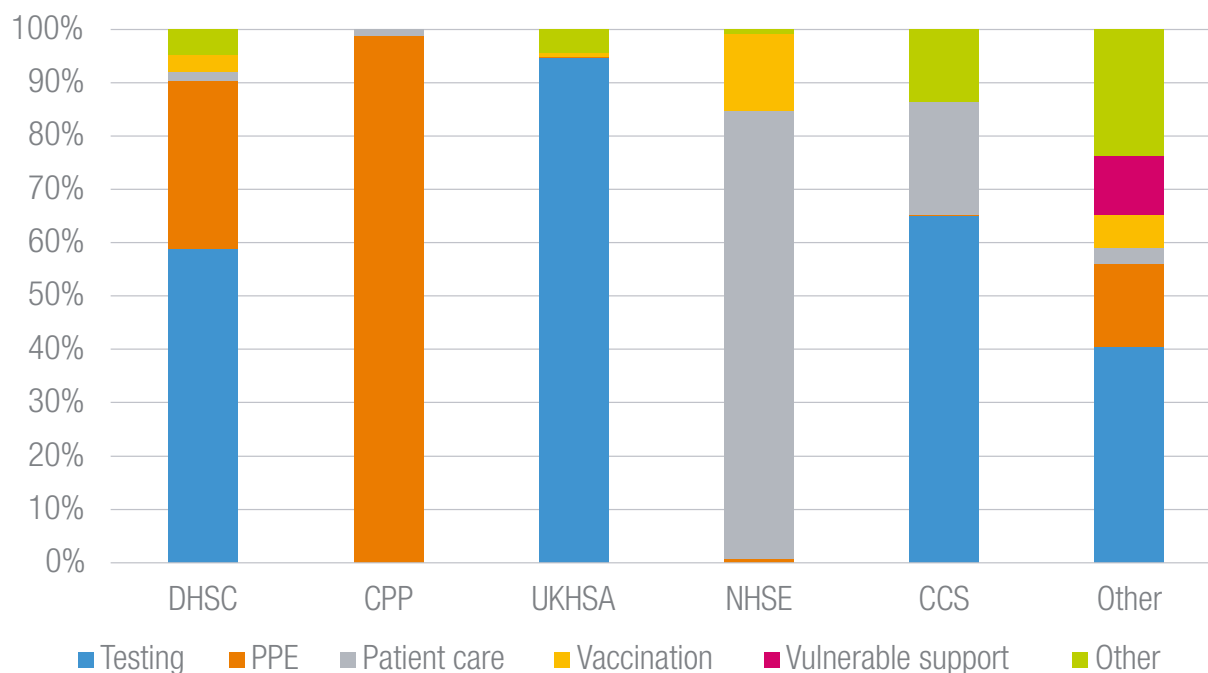
^{viii} A commercial procurement company wholly owned by NHS trusts.

Chart 2: COVID-19 contract award value (£ millions) by quarter and contracting authority, February 2020 to February 2023



As shown in Chart 3, the CPP, UKHSA and NHSE each focused principally on one specific category of goods or services – PPE, testing and patient care, respectively. The DHSC and the CCS, in contrast, had more diverse procurements across several categories. These five contracting authorities did not sign large contracts for supporting vulnerable groups; these were instead held mainly by the Welsh and Scottish Governments and the UK Department for Education.

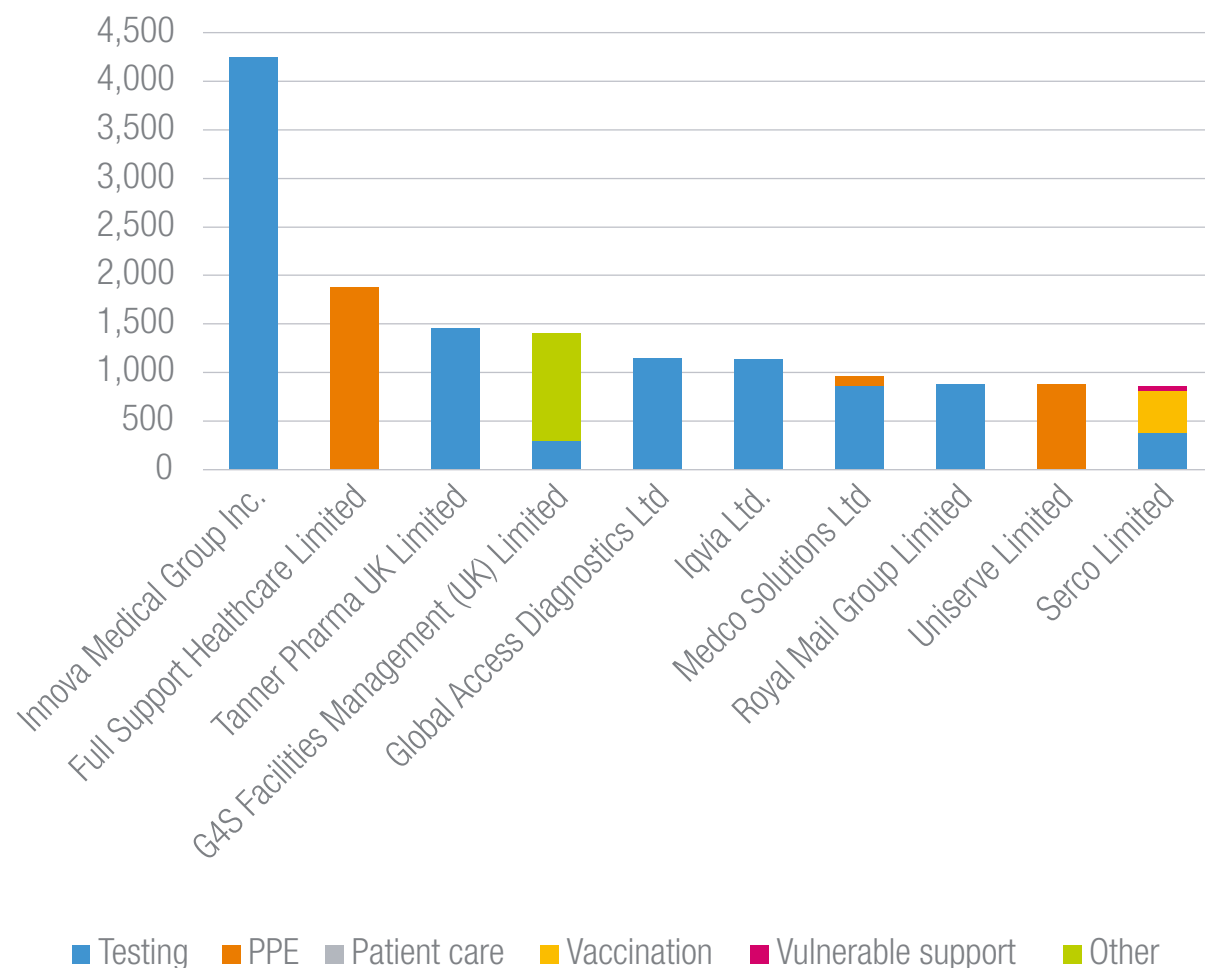
Chart 3: Proportion of contract value allocated to different product / service categories by UK contracting authority, February 2020 to February 2023



The contracts in our sample varied in size. Contracting authorities signed 112 contracts worth over £100 million each, which together accounted for around £30.4 billion (63 per cent) of the total allocated to all COVID-19 procurement. Just over £25.3 billion of these mega-contracts fulfilled immediate needs for PPE and testing, primarily in the first year of the pandemic. The largest of these, valued at up to £1.7 billion, was for various types of PPE supplied by Full Support Healthcare Limited. The 10 largest contracts, altogether valued at £9.5 billion, accounted for a fifth (20 per cent) of all awards by value.

Within these huge contracts, an even smaller subset of suppliers played a disproportionate role in procurement spending related to COVID-19, as shown in Chart 4. Out of more than 2,000 companies, just 10 received £14.9 billion between them – making up nearly one in every three pounds of COVID-19 contract spending. The US-based Innova Medical Group Inc. leads this list with contracts valued at £4.2 billion, all for testing products.

Chart 4: Top 10 suppliers by contract value (£ millions) split by product / service category, February 2020 to February 2023



OPAQUE ACCOUNTING OF PUBLIC EXPENDITURE

Transparency is integral to trust and fairness in the public procurement market, in the UK and globally. This foundational principle acts as a shield against corruption and helps make sure public funds are used responsibly. In theory, all procurement by public bodies is published in a timely manner in accessible locations. However, in practice, several problems prevent those outside government from following the money from tender to transactions with suppliers. This section provides a detailed analysis of the opacity of the UK public procurement jigsaw, and outlines how this can be improved to provide an end-to-end view of contracting by the public sector.

Open contracting is a system that makes all stages of the contracting process available for public scrutiny, from the decisions made before awarding a contract to those made after the contract ends. It focuses on publishing high-quality data and information in a consolidated and accessible way.

More than 50 governments have open contracting programmes in place,³⁴ and global institutions such as the World Bank³⁵ and the G7³⁶ have endorsed its importance. These programmes have shown a variety of benefits, from promoting market competition to improving civil society's engagement in decision-making about public services.³⁷

Open contracting enhances oversight by consolidating data from diverse, often isolated, internal systems for public access. For example, this enables contracting authorities to check a potential supplier's procurement history and compare prices with those of its counterparts. Watchdogs can oversee entire systems for any indications of malpractice. The public and journalists can identify and monitor issues that official agencies miss or that fall outside their usual remit. Collectively, open contracting contributes to building systemwide resilience to corruption and malpractice.

During much of the COVID-19 pandemic, procurement in the UK was primarily governed by two sets of legislation: the Public Contracts Regulations 2015 (PCR 2015) for England, Wales and Northern Ireland, and the Public Contracts (Scotland) Regulations 2015 for Scotland. These regulations incorporated EU directives and the World Trade Organization's multilateral agreements into UK law. In October 2023, the UK Government replaced the PCR 2015 with the Procurement Act 2023, which also applies to some public authorities in Scotland.³⁸

At the heart of each of these pieces of legislation is the importance of transparency. The regulations require contracting authorities to clearly, openly and publicly disclose their procurement rules, procedures,

opportunities and outcomes. This includes publishing bidding opportunities as well as contract information, such as the value, the date the contract was awarded and the contracting authority.

The governments of the UK have made great strides in compiling this data and making it accessible to the public. They have embraced open data initiatives, including by launching websites where the public can easily find information about contracts. The *UK National Action Plan for Open Government 2021–2023* lists open contracting as its first commitment.³⁹ Furthermore, the UK Government's Cabinet Office is actively engaging with civil society to improve how it provides data, and the Scottish Government has committed to improving accessibility to procurement and associated spending data.⁴⁰

Despite these positive steps, we have found there are still significant challenges with implementation that are preventing the public from following the money trail. Although UK laws and policies make publishing the information a requirement, the published data often exists in separate, unconnected systems and is beleaguered by serious quality issues. The consequence is poor accounting and accountability over the use of public money, which can act as a cover for corruption and other crimes.

Below, we investigate two main categories of transparency issues: systemic and performance. Systemic issues are general problems in the UK's provision of procurement information. Performance issues are those related to adhering to the rules, which became more pronounced during the COVID-19 crisis.

Systemic issues

We found three major systemic issues in how contracting authorities provide procurement information to the public:

- inaccurate and inconsistent data
- duplicate data
- missing data

These issues hinder people's ability to hold decision-makers to account.

ISSUE 1: INACCURATE AND INCONSISTENT DATA

We found widespread human error in the procurement data, some of which inflated the value of contracts awarded by public bodies by tens of billions of pounds.

By 'human error', we mean mistakes made by the contracting authorities in the information they provide. These errors, found in thousands of contract award notices, vary widely – some are obvious, while others are subtle and difficult to detect. Regardless, if they are not addressed, they undermine the utility of public procurement disclosures. We detail two common types of error in this section.

First, we found multiple names for the same entity. In our original report, we noted that the DHSC appeared under at least seven distinct names and the Ministry of Defence had over 100 unique spellings. These inconsistencies make retrieving and analysing data on contracting authorities unnecessarily difficult. For instance, searching for 'Ministry of Defence' will not yield notices listed under 'Ministry of Defense' or 'MoD'. Given that name errors appear in thousands of contract award notices, the UK public will often capture only a fraction of the total procurement activity when searching by just one name.

Second, we consistently found erroneous numbers and dates. Take, for instance, a contract award that was mistakenly entered as £27.6 billion when in reality it was worth £27.6 million.⁴¹ One authority wrongly listed a small company as the recipient of a contract worth £97.5 million when the actual value was £975,000.⁴² If such discrepancies go undetected across various contracts, they can quickly provide a highly misleading picture of where public money goes.

Mistakes on their own may seem trivial to an outside observer. Yet their regular occurrence and the significant impact of even a single error mean that the user must often clean the data before using it. Cleaning is a demanding task, which often takes months and needs

specific skills in data management. This complexity deters many potential users who could offer valuable insights, such as corruption investigators or small businesses trying to understand their market.

Stopping these human errors is neither difficult nor costly. Implementing straightforward data entry controls could significantly reduce the number of mistakes in the contracting data. Adding a simple feedback mechanism on procurement portals to allow the public to report apparent mistakes would help increase the accuracy of this key accountability data.

Introducing unique identifiers for each contracting authority in award notices would resolve the issue of poor naming conventions. With one code, akin to a company registration number, users would be able to easily access all the related procurement information for a particular authority. Although contracting authority identifiers are already used, they are not unique (for example, one authority can have several identifiers). The UK Government recognises this problem and aims to implement unique identifiers as part of the new central digital platform for contracting introduced by the Procurement Act 2023 and the associated regulations.⁴³

With the Royal Assent of the Procurement Act 2023, the Cabinet Office plans to update the Find a Tender service procurement portal. This update presents an ideal opportunity to implement the changes mentioned in this section. Any devolved procurement portals replicating data from the central platform should include these contracting authority identifiers to make it much easier for the public to review contracting by public authority.

RECOMMENDATION 1

The UK Government should introduce safeguards in the new central digital procurement platform that will:

- **reduce the likelihood of human error.**
The UK Government should include data entry controls in the new central digital procurement platform to reduce the risk of error, and add a feedback mechanism to allow the public to report mistakes.
- **enhance contracting authority identification.**
The UK Government should work with governments across the UK to incorporate a unique identifier system for contracting authorities across all procurement databases so that this data is much easier to browse and search.

ISSUE 2: DUPLICATE DATA

We found duplicate procurement notices across the UK's five accessible procurement portals that together inflated procurement figures by £30 billion.

This second systemic issue relates to how easy it is to access and compile data published on the various UK procurement portals and then de-duplicate it for analysis.

Before leaving the EU, the UK published notices for high-value contracts^{ix} on Tenders Electronic Daily (TED), the online supplement to the *Official Journal of the European Union*.⁴⁴ On 1 January 2021,⁴⁵ the Find a Tender service replaced TED for high-value contracts in the UK.^x For all contracts, whatever their value, authorities can also publish contract award notices on one of four national portals: Contracts Finder (primarily covering England), Public Contracts Scotland, Sell2Wales and eTendersNI.

Therefore, to get a full view of the UK procurement data, public entities and the UK public must sift through six separate portals.

This would not be an issue if it were easy to combine the data. In theory, most of the UK adheres to the Open Contracting Data Standard (OCDS), which is intended to make compiling procurement data simpler by providing a consistent format and structure. In practice, neither eTendersNI nor TED uses the OCDS, so it is difficult to merge data from these portals with other UK datasets that do follow the standard. Even among the OCDS datasets, inconsistencies in data structures and fields pose further challenges.

The biggest problem, however, is duplicated records. Contracting authorities often publish award notices for a single contract across multiple portals, creating several entries for the same contract. During our preliminary assessment of all the data on national portals in our sample, we identified around 10,000 notices duplicated on two or more portals. There were also numerous duplicates of the same contracts on Contracts Finder.

Identifying duplicate entries is challenging because there is usually no indication that a public authority has published a contract award notice multiple times across different transparency portals. The scale of this problem renders manual verification impractical, necessitating

complex and time-intensive 'de-duplication' exercises. This excludes many people from reviewing and deriving insights from the data.

Taking the raw procurement data at face value significantly distorts analysis. For instance, including duplicates in our figures for COVID-19 contract values would have inflated the total to around £77 billion instead of the actual £47 billion – £30 billion worth of duplicate entries. Such distortion provides a false and misleading picture of how public funds are being managed, which can conceal anomalies and make it harder to detect corruption and contract mismanagement.

Having acknowledged these issues, the UK Government has started developing a central digital platform, based on the Find a Tender service, to host contract award notices.⁴⁶ This is a significant advancement: contracting authorities will no longer have to publish on two different systems, while the public and suppliers will be able to benefit from a more comprehensive source of information.

Yet there are exemptions, and therefore there is a risk that some contracting authorities will not publish on the central platform or that they will publish the same contract on it and on other platforms. In that case, getting a full view of UK procurement will still require de-duplication, albeit to a lesser extent. The UK Government could easily negate this risk by ensuring that notices published by contracting authorities on more than one platform contain a unique identifier that links them.

RECOMMENDATION 2

To mitigate the risk of duplicate data, the UK Government should implement cross-referential identifiers for procurements published across different transparency portals.

^{ix} Contracts that exceed a financial threshold defined in law, normally hundreds of thousands of pounds. The current thresholds for high-value contracts are as follows. Supplies and services: £138,760 (central government bodies), £213,477 (others). Subsidised services contracts: £213,477 (all bodies). Works: £5,336,937 (all bodies).

^x Despite the change, some authorities continued to use TED to publish contract award notices. For example, NHSE issued a notice for a £474 million contract on TED only, more than three months after it had been expected to switch to the new system.

ISSUE 3: MISSING DATA

We found critical flaws in how public bodies publish procurement data, meaning that the public do not know how much has actually been spent against £48.1 billion of identifiable COVID-19 contracts.

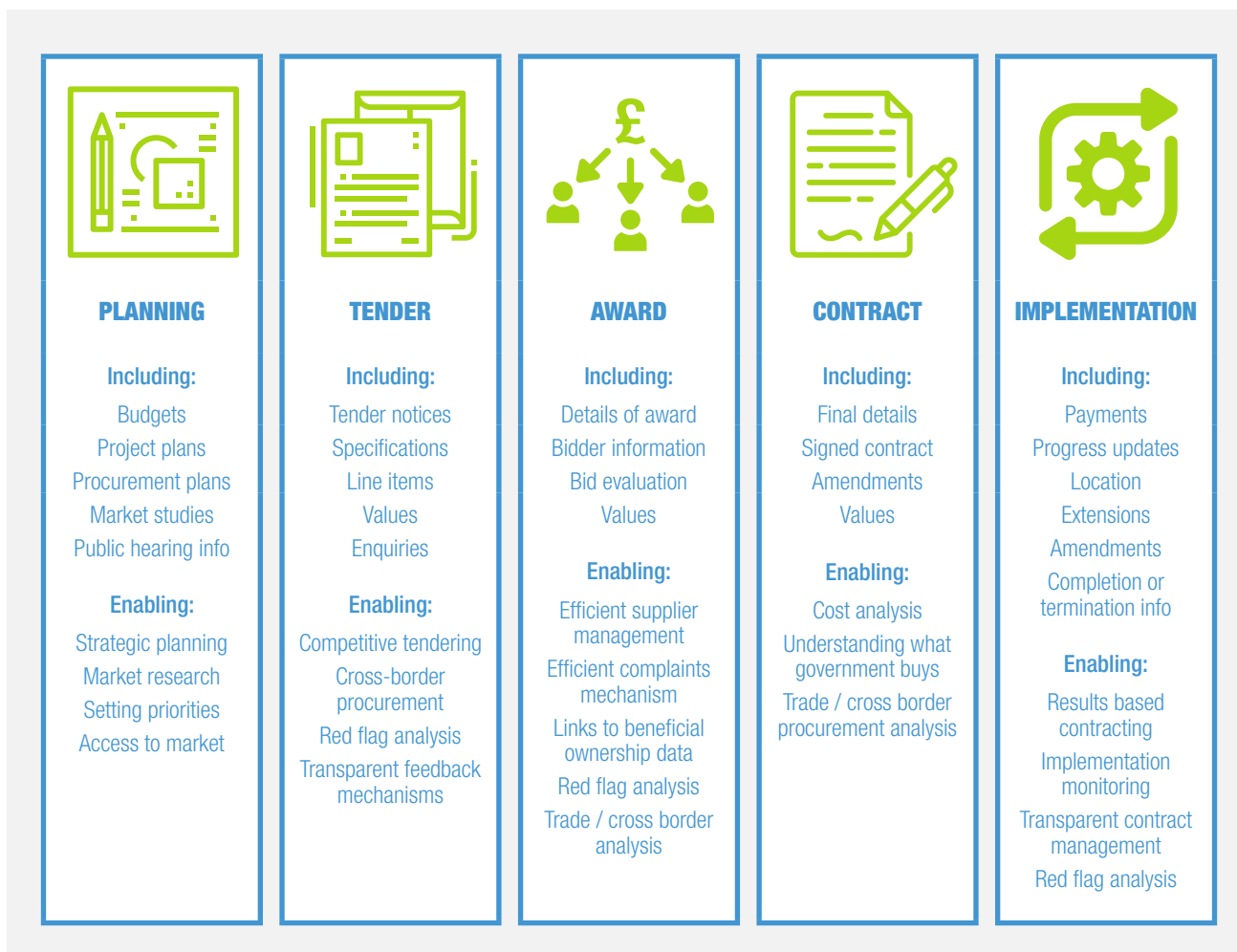
The third systemic issue relates to integrating different sources of procurement data, a process made almost impossible by missing key data. As shown in Figure 1, an ideal scenario would feature a transparent and traceable data journey through all the stages of procurement. However, in reality procurement information from different stages is often stored in separate databases. This makes it challenging, if not impossible, to link data about a single procurement activity across multiple sources. Here we highlight two major pitfalls.

There are two main types of missing data: information about payments under contracts, and information about suppliers.

First, we consider payments under contracts. Understanding the actual expenditure on a contract is crucial to determining if it is over or under budget. Exceeding the budget may hint at various problems, from administrative inefficiencies to potential fraud and corruption.

A mixture of policy and legislation requires public bodies across the UK to publish expenditure data. UK Government policy requires most central government departments to publish spending of over £25,000 a month on the gov.uk website and data.gov.uk portal. Under the Local Government Transparency Code 2015, local authorities in England have to publish details on every item of spend over £500.⁴⁸ Both types of disclosure should provide basic details about the supplier, payment date and amount paid. However, importantly, the requirements do not mandate disclosure of the specific contract associated with a payment, and the supplier names displayed in the contract award notices may not match those in the expenditure data.

Figure 1: Joined-up contracting data⁴⁷



CASE STUDY 1

Supply Chain Coordination Ltd contracts with Full Support Healthcare

To illustrate the significance of missing procurement data, consider the case of PPE supplier Full Support Healthcare.

On 25 November 2020, the National Audit Office (NAO) published a report stating that, at that time, Supply Chain Coordination Limited had ordered the highest value of PPE from Full Support Healthcare, worth £1.717 billion.^{xi}

On 21 May 2021, Full Support Healthcare wrote to the Public Accounts Committee explaining that it had not been awarded contracts but had received purchase orders under existing frameworks, sometimes received months in arrears. In total, it reported having received purchase orders worth £1.85 billion for PPE equipment.^{xii}

On 16 June 2021, Contracts Finder published a contract award notice from CPP on behalf of Supply Chain Coordination Ltd to Full Support Healthcare for goods worth £1.77 billion.^{xiii} According to this disclosure, the contract was awarded on 1 April 2020 and ran through till 27 April 2021.

In the same month, data released via a freedom of information (FOI) request and published by the Good Law Project suggests that Full Support Healthcare had sent invoices totalling £2.5 billion to Supply Chain Coordination Limited (SCCL) between March 2020 and December 2020.^{xiv}

Data released in July 2024 under a subsequent FOI request suggests that the amount paid by SCCL to Full Support Healthcare was nearer £1.3 billion, although this does not include payments made after October 2020.^{xv} Yet when SCCL was asked via an FOI request to provide a clear official figure of payments made under this contract, it claimed that this would take too much time to reconcile and was therefore exempt under cost grounds.^{xvi}

We contacted Full Support Healthcare and SCCL to clarify how much money SCCL had paid to Full Support Healthcare under COVID-19 contracts.

Full Support Healthcare did not respond to our repeated requests.

SCCL confirmed that the total amount of purchase orders received and paid under contracts with Full Support Healthcare were £1.85 billion, which includes VAT. They recognised this was significantly different from what was recorded on their system at the time of the Good Law Project's FOI request, and should be viewed in the context of the pandemic. Subsequent to the FOI, SCCL undertook a verification process to check their actual spend against these contracts, which is how they arrived at the final figure of £1.85 billion.

SCCL stated its accounts, including its financial transactions, are independently audited by the National Audit Office.

Providing accurate data on spend against contracts should take a matter of seconds. That it takes several FOI requests to establish this basic fact, and yet still contradictory and seemingly inaccurate responses were received, shows the inefficiency of current procurement methods. The consequence is that hundreds of millions of pounds of public money seem to be unaccounted for, and it is unclear whether the contracting authority spent more or less than it had intended.

^{xi} NAO, *The supply of personal protective equipment (PPE) during the COVID-19 pandemic*, HC 961 (November 2020) p.38 <https://www.nao.org.uk/wp-content/uploads/2020/11/The-supply-of-personal-protective-equipment-PPE-during-the-COVID-19-pandemic.pdf>

^{xii} <https://committees.parliament.uk/publications/6057/documents/68191/default/> [accessed: 31 July 2024]

^{xiii} <https://www.contractsfinder.service.gov.uk/notice/7fe90314-5806-4b4e-9247-99a5387f8bfa?origin=SearchResults&p=1> [accessed: 2 September 2024]

^{xiv} <https://goodlawproject.org/gov-publishes-40-ppe-contracts> [accessed: 2 July 2024]

^{xv} https://www.whatdotheyknow.com/request/ppe_contracts_with_full_support#incoming-2706739 [accessed: 23 July 2024]

^{xvi} https://www.sccl.nhs.uk/wp-content/uploads/2024/07/FOI-Response-024_Redacted.pdf [accessed: 2 September 2024]

Under Section 70 of the Procurement Act 2023, contracting authorities must publish details of any payment exceeding £30,000 under a public contract.⁴⁹ While this is a positive step, the Act and associated regulations do not yet specify what contracting authorities should include in these notices. The UK Government should bring forward draft regulations on payment transparency as soon as reasonably practicable.

Second, there is the issue of missing company data. A company's history or ownership might indicate a conflict of interest, financial instability or other risks when awarding contracts. For example, identifying that a company is relatively new, that its owners have a close relationship with those involved in the procurement process, or that its directors have run a succession of failed enterprises would indicate that it might not be a suitable supplier for a multi-million-pound contract. Providing easy access to information about the individuals and entities behind a supplier can unveil potential risks to public funds.

Successive governments have recognised that easily accessible and analysable company data is important for tackling financial crime. Despite some issues with data quality,⁵⁰ which the *Economic Crime and Corporate Transparency Act* seeks to address, Companies House publishes exemplary data to enable this kind of rapid and forensic analysis of this procurement risk. Procurement during COVID-19 highlights the pivotal role of this data in bringing matters of public interest to light.⁵¹

Despite the importance of company data, only about 10 per cent of contract award notices contain official company registration numbers.⁵² These are unique identifiers – like national insurance numbers for individuals – that allow people to find out which company was awarded what contract. These numbers are especially important when two or more companies have used the same name, either in the same jurisdiction or over multiple jurisdictions.

Without these registration numbers, discerning the direct beneficiary of a contract is complicated. Instead of directly matching identifiers in procurement data with corporate records, analysts must match supplier names – a process that is far from straightforward, much more time-consuming, and prone to error. In procurement data, authorities often abbreviate supplier names, condense them or loosely base them on their official moniker. To make the task of data matching even more complicated, multiple contractors may share a similar name or have identical names with other companies incorporated in a different jurisdiction.

Our research shows that many companies that were awarded a contract changed their names shortly afterwards and set up a subsidiary using their previous names. This led to several false positives when matching procurement data with Companies House data, which we only identified through our quality assurance process. It is conceivable that companies could employ such name-changing tactics as a deliberate strategy to obfuscate their activities and hinder public scrutiny. Mandating that all procurement data includes company numbers for suppliers would increase certainty about where public funds are going and significantly reduce the time it takes to follow the money trail. This should not be a time-consuming task, given that authorities collect registration numbers as part of the contracting due diligence process.⁵³

The UK Government is taking a positive step by developing a single supplier registration system.⁵⁴ New regulations mandate unique identifiers for suppliers, which should include company registration numbers. There are few, if any, instances in which companies will not have an official recognition number allocated by their corporate registry – whether they are incorporated in the UK or abroad. This number should be the main unique supplier identifier on the new central digital procurement platform.

RECOMMENDATION 3

To improve the quality and utility of public procurement data, the UK should:

- **unify procurement data.** The Cabinet Office should ensure the consistent inclusion of identifiers for all contracts, as well as supplier and contracting authority identifiers, in spending data published to meet the requirements of the Procurement Act 2023.
- **enhance supplier identification.** The UK Government should require suppliers' official company recognition numbers to be collected on the central digital platform, and work with governments across the UK to link with their transparency disclosures.

Performance issues

Performance issues arise when public bodies fail to comply with good practice in procurement transparency, which is often enshrined in UK policy and law. We found three prevalent examples during COVID-19:

- late publication
- non-publication
- stonewalling requests for information

We look at these in detail in this section.

ISSUE 4: LATE PUBLICATION

We found 124 high-risk contracts, worth 11.8 billion, that were published after the legal disclosure deadline, six of which, totalling £706.8 million, were only published a year after their award.

Late publication of high-risk contracts reflected a more general collapse in compliance with legal timelines for disclosure, with public bodies reporting a total of 1,764 high-value contracts, with a combined value of

£30.1 billion, after the 30-day legal deadline (63 per cent of all COVID-19 contracts by value).⁵⁵ One hundred and forty-one of these, worth a total of £5 billion, were published more than a year after their award.

Compared with the UK's performance, during the peak of the crisis on average it took Ukraine less than a day to publish information on 103,263 COVID-19 contracts that were awarded.⁵⁶

As illustrated in Chart 5, the delays in publishing high-value contract award notices were most prominent in 2020. The trend persisted into 2021, though with diminished severity, while 2022 saw further improvement, with all five high-value contracts in 2023 published within the 30 days legal deadline.

Similarly to the late publication of contract awards, there were issues with timeliness in publishing payments data.

As mentioned in the previous section, the UK Government requires its departments to disclose monthly spend details on procurement exceeding £25,000 within 30 days of the end of the month.⁵⁷ However, even before the pandemic there were consistent delays in publishing this information.⁵⁸

Chart 5: Timeliness for publishing contract award notices by days (range) and year, from February 2020 to February 2023, as a proportion of all contract notices

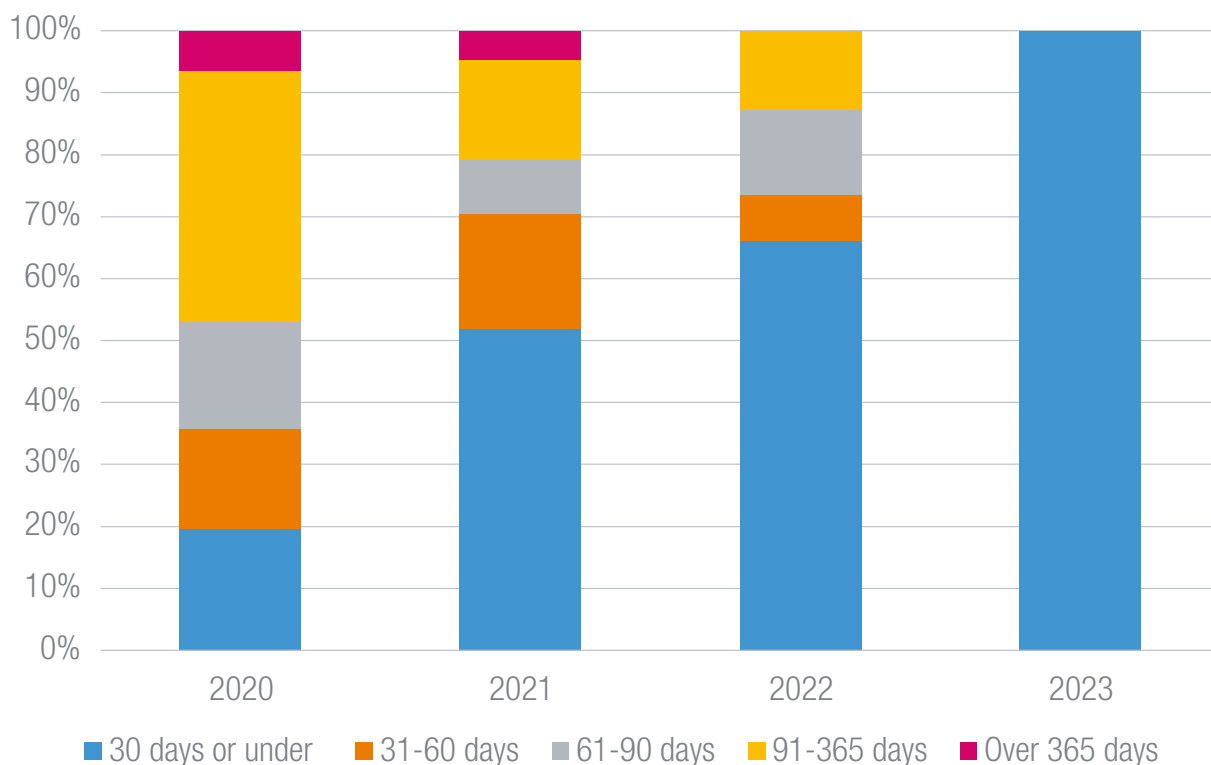
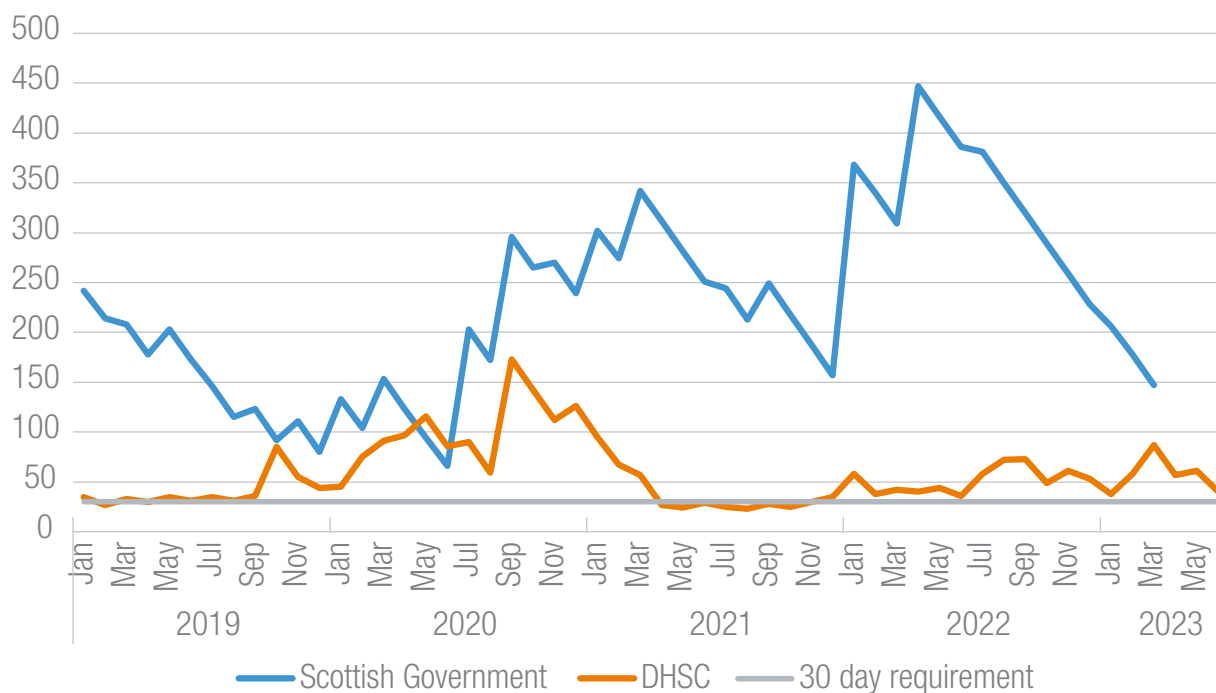


Chart 6: Number of days from the last day of the month taken to publish spend data, by month, from January 2019 and May 2023 (Sources: gov.scot and gov.uk)



We noted in *Track and Trace* that from February 2020, the DHSC lagged significantly, neglecting to publish payment data for three consecutive months by 3 December 2020. As shown in Chart 6, this delay was most pronounced during the first year of the pandemic, but it was still above pre-pandemic levels when we collected the final dataset for this report,^{xvii} with June 2023 being the latest published data. By 1 October 2023, NHSE had not published any expenditure data for the 18 months following March 2022. Similar lengthy delays before publication happened in 2021.⁵⁹

In Scotland, performance was not much better. On average, the Scottish Government's delay for publishing expenditure seems to be worse than that of the DHSC – although uncorrelated to the COVID-19 emergency. As of 7 September 2023, there was no available data on the months past March 2023.

Late publications are not just minor bureaucratic lapses; they significantly hinder real-time insights and undermine accountability. For example, our original report, which analysed procurement data from February 2020 to November 2020, missed 422 high-value contracts (worth £7.3 billion) because of delays to publication by

the contracting authorities. Moreover, NHSE's failure to publish expenditure data for two consecutive years meant that the Centre for Health and the Public Interest could not ascertain the actual cost to taxpayers of a COVID-19 contract for private hospital provision valued at up to £2 billion.⁶⁰

Easy access to information of this kind can be vital for decision makers in chaotic situations. In the case of Ukraine, hospitals and healthcare entities had the advantage of accessing information about contracts within 24 hours of their being agreed, enabling contracting authorities to find suppliers who could meet their urgent needs swiftly. By contrast the UK's approach, seemingly organised substantially via emails, was far more siloed and inefficient.

^{xvii} 7 September 2023

In a crisis such as a pandemic, occasional delays in publishing contracts are understandable – saving lives is a justification given for neglecting ‘bureaucracy’. However, when delays become a pattern, they:

- fuel suspicions of corruption and hidden agendas
- make the public sector market more opaque, hampering suppliers’ ability to respond to demand
- can perversely add to bureaucracy by leading to more FOI requests that need to be responded to
- can result in costly court procedures

Therefore, public authorities should see transparency not as an irritating afterthought but as a crucial and efficient part of the contracting process.

The Procurement Act 2023 requires contracting authorities to publish information about the awarding of a contract – whether through competitive or non-competitive processes – before it can enter into the contract with the supplier. In theory, this should provide a stronger incentive for contracting authorities to publish details of their procurement on time. However, given that the previous requirement was also a legal obligation that was far too often ignored, it remains to be seen whether these new rules will bite as intended. To ensure timely access to information on contracts and avoid costly litigation in the courts, parliaments and governments across the UK should do more to ensure compliance with procurement law.

RECOMMENDATION 4

To help improve the timeliness of public access to information about the use of public money, parliaments and governments across the UK should monitor whether contracting authorities are complying with their obligation to publish contract award information on time and take steps to reduce delays if disclosures are still late.

ISSUE 5: MISSING CONTRACT DOCUMENTS

Procurement specialists have found that public bodies have failed to publish around £7.6 billion of COVID-19 related contracts. New procurement rules are likely to withhold over 1,000 contracts, worth £4 billion, from public inspection every year, with little clear rationale for doing so.

Moving on from late publication, a more alarming concern is the complete non-publication of certain contractual information.

We analysed contract award notices to get an overview of UK procurement during COVID-19. However, these notices lack depth. To truly understand a procurement, a manual examination of the contractual documents is necessary. For instance, while a notice might reveal a contract’s value, the actual documents could expose concerning payment terms, such as favourable or large upfront payments. If these indicate that substantial amounts of public money are at risk, it merits further investigation.

Current UK Government guidance⁶¹ and new legislation⁶² recognise the importance of publishing contractual documents. Yet research by procurement specialists suggests that by 16 April 2023, authorities had still not published up to £7.6 billion worth of contracts related to COVID-19 from 2020 and 2021.⁶³ To quote the recent Public Accounts Committee (PAC) Chair, Dame Meg Hillier, this ‘raise[s] questions for the proper scrutiny of how taxpayers’ money has been spent’.⁶⁴

The COVID-19 pandemic has given new emphasis to the public interest argument for releasing such documents: the exact wording of a contract can mean life or death for some. It is therefore alarming that new alterations to legislation might further obscure this information.

The Procurement Act 2023 includes a provision that contracts must be published, but these changes made by the Act will apply only to procurements valued at over £5 million. If this change had already been in place, in 2022 alone, contracting authorities would not have had to disclose around 1,000 contracts worth £4 billion altogether.⁶⁵ According to our COVID-19 dataset, had this new threshold applied to COVID-19 contracts, contracting authorities would not have needed to publish over 80 per cent of contracts, worth £2.8 billion in total.

The value of over £5 million – an increase from £2 million in previous drafts of the bill – was selected without a clear rationale. During the passage of the bill, the minister Baroness Neville-Rolfe said: ‘where does the figure [£5 million] come from? I do not know exactly; that is the honest answer. I was offered options of £50 million, £10

million and £5 million. I chose £5 million because that is quoted in the Sourcing Playbook, which seemed a reasonable point.’⁶⁶

Given that the PCR 2015 did not mandate the release of signed contract documents, some may view this aspect of the Procurement Act as a progressive move towards greater transparency. However, the Cabinet Office had released guidance to supplement the PCR 2015 by making it clear that most contracts should be published on Contracts Finder.⁶⁷ In practice, therefore, without a reduction in the threshold of £5 million, the number of contracts disclosed is likely to decrease, reducing transparency in real terms.

As well as stipulating the £5 million figure, Section 53 of the Procurement Act 2023 allows for a Minister of the Crown to change the threshold through regulations.⁶⁸ They should do so at the earliest possible opportunity. Preferably the updated figure should be set to the thresholds outlined in Schedule 1 of the Act, but it should be no more than £2 million – already a relatively high value.

To strengthen the incentive to comply, the UK Government should bring forward amendments to the Procurement Act that would make activating a contract valued above the threshold conditional on its publication. Adopting this approach would align the UK with pioneering reforms in Slovakia⁶⁹ and would be a modest extension to forthcoming reforms that will require public authorities to publish a contract award notice before entering into any contract.⁷⁰

Given the high threshold set, this requirement would not impose a disproportionate administrative burden on procurements. Instead, it would add a layer of accountability to only the largest and most significant contracts, which inherently possess the administrative capacity to manage such obligations.

RECOMMENDATION 5

To improve businesses’ and the public’s access to information about public sector contracts, the UK should:

- **reduce the contract publication threshold to a maximum of £2 million.** Via regulation, the UK Government should reduce the threshold for publishing copies of contracts. This should preferably be set to the thresholds in Schedule 1 of the Act but should be no more than £2 million.
- **mandate public disclosure before contract activation:** The UK Government should introduce reforms to make activating a contract valued above the publication threshold contingent on its publication.



ISSUE 6: STONEWALLING REQUESTS FOR INFORMATION

Procurement specialists found that a major COVID-19 contracting authority refused to publish 59 contracts, worth £4.7 billion, despite being requested to do so under the UK's freedom of information laws.

When public authorities fail to publish information about procurement proactively, the public and journalists turn to freedom of information (FOI) requests. There have been several attempts to uncover concealed contract information through FOI requests over the past three years, with varying degrees of success. Indeed, the £7.6 billion of missing contracts mentioned in the previous section includes £4.7 billion contracted by NHS SCCL, which declined to publish 59 contracts after receiving an FOI request.⁷¹

Non-disclosure by public bodies is not new. Our initial report pointed out that since 2005, there had been an uptick in the tendency to sidestep or postpone answering FOI requests.⁷² The pandemic exacerbated this trend. The Institute for Government's 2023 *Whitehall Monitor* highlights that in the final quarter of 2021, the UK Government chose to withhold information in 58.5 per cent of FOI requests, a rate about 30 per cent higher than in 2011.⁷³ In our experience, authorities routinely rebuff FOI requests on the grounds that responding to them would exceed the statutory cost limits.^{xviii 74}

In July 2021, spurred by reporting from openDemocracy, the Public Administration and Constitutional Affairs Committee initiated an investigation into the Cabinet Office's alleged use of a 'clearing house' to coordinate and, according to accusations, block responses to FOI requests.⁷⁵ The UK Government largely dismissed the committee's suggestions and rejected a proposed audit by the Information Commissioner's Office (ICO),⁷⁶ turning instead to an internally commissioned review.⁷⁷

The UK Government's poor record of complying with its freedom of information obligations does little to inspire confidence in its ability to self-assess. The ICO, an independent body with specific expertise in this field, is willing to conduct an unbiased audit. Ministers' reluctance to accept the ICO's offer only deepens existing suspicions that the government is merely continuing old practices but calling them something else.

Another justification for incomplete responses to FOI requests is rooted in the wording of the UK's freedom of information laws.^{xix} These have a limited scope in procurement, applying solely to data that a supplier possesses 'on behalf of' a public body.⁷⁸ The ICO writes that while this may seem straightforward, in practice it is hard to determine what 'on behalf of' means. The result is that suppliers are often shielded from having to provide critical information publicly (for example, by rejecting FOI requests for whistleblowing policies that apply to private staff who provide NHS services).⁷⁹

In 2015 the Information Commissioner suggested expanding the Freedom of Information Act 2000 to encompass all contract-related details held by suppliers, which would make these details accessible via FOI requests.⁸⁰ Delivering this proposal would extend citizens' FOI rights to procurement worth hundreds of billions of pounds a year.

RECOMMENDATION 6

To help restore the public's right to know about the management of public money, the UK should:

- **conduct an audit on the Clearing House.**
The Cabinet Office should agree to a voluntary audit by the ICO on its FOI request policies, formerly known as the Clearing House.
- **amend Freedom of Information legislation.**
The UK and Scottish Governments should amend the relevant Freedom of Information Acts to include all information that contractors hold related to contracts for providing public goods, works and services over a reasonable threshold.

^{xviii} Public bodies can legally decline to answer an FOI request if they can argue that it would cost them more than a certain amount to respond. The cost limit is £600 for central government and £450 for all other public authorities.

^{xix} There are separate Freedom of Information Acts for Scotland and for the rest of the UK.

HIGH-RISK AND IMPROPER CONTRACTS

While procurement remains a critical function in providing public services in the UK, without robust safeguards it is widely recognised as vulnerable to corruption and other economic crimes.⁸¹ Even before the pandemic, two-thirds of cases prosecuted under the Organisation for Economic Co-operation and Development (OECD) anti-bribery convention involved public contracts.⁸² This section outlines well-known corruption red flags in procurement, analyses their prevalence in UK COVID-19 contracting (where measurable) and proposes system reforms to reduce this in the future.

Transparency International (TI) defines corruption broadly as ‘the abuse of entrusted power for private gain’.⁸³ This includes the following three activities – some illegal, some legal but ethically questionable or a breach of civil codes of conduct:

- **Bribery:** offering, promising, giving, accepting or soliciting an advantage as an inducement for an action to improperly perform a job, role or function. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services, donations, etc.)
- **Cronyism:** a form of favouritism whereby someone in public office exploits their power and authority to provide a job or favour to a family member (nepotism), a friend or an associate (cronyism), even though they may not be qualified or deserving.
- **Embezzlement:** when someone dishonestly and illegally appropriates funds and goods that they have been entrusted with for personal enrichment or other activities.

The impact of corruption in procurement is not academic; it takes resources away from essential frontline services. This could happen by diverting funds from where they were intended to go or by awarding poorly performing contracts based on personal or financial ties instead of merit.

Historically, academics and business leaders have perceived the scale of corruption in the UK in general, and in procurement specifically, to be relatively low compared with elsewhere. The UK has tended to perform relatively well in TI’s annual Corruption Perceptions Index, an annual composite survey of expert views. However, given the substantial amounts of money involved and the interactions between officials, businesses and others, the UK Government prudently, and rightly, included public contracting as a key part of its anti-corruption strategy.⁸⁴

The NHS Counter Fraud Authority’s *Strategic Intelligence Assessment* suggests that fraud threatened over £300 million spent on procurement or commissioning in 2019 and 2020.⁸⁵ The Ministry of Housing, Communities and Local Government has documented cases of suspected collusion, ghost contractors, fraudulent invoices and bribery in local government procurement.⁸⁶ And allegations of financial impropriety at HS2 could cost the taxpayer tens of billions of pounds, if not more.⁸⁷ While not endemic, these assessments show that corruption and similar misconduct presents a real and significant threat to the public purse.

To detect and pursue potential corruption in procurement, international organisations and academics have developed ‘red flags’. These indicators capture weaknesses in formal processes designed to safeguard against misconduct⁸⁸ (We refer to these weaknesses as ‘corruption risk’; for a list of them, see Annex 3.) Some of the most common red flags are:

- **uncompetitive awards:** for example, awarding a contract without allowing other potential suppliers to offer their services.
- **opaque contracting:** for example, delaying or not releasing information on procurement, such as which supplier won a contract.
- **conflicts of interest:** for example, a supplier winning a contract that is connected with a person who could have conceivably influenced the process.

These flags alone cannot – and do not – prove or quantify corruption concretely. There are almost always ‘false flags’ that capture decisions with legitimate justifications: for example, a contracting authority acquiring urgently needed goods without tendering but within the scope of the law. However, red flags offer insights into systemic vulnerabilities to corruption and patterns of behaviour that merit further examination. Therefore, while red flags

cannot be the sole basis for legal action, they are useful in pinpointing issues that warrant deeper investigation.

To identify areas of highest vulnerability, experts use ‘triangulation’ – analysing red flags in aggregate.⁸⁹ For example, one uncompetitive award for PPE to a 10-day-old supplier with connections to a politician in the party of government could be dismissed as a coincidence. However, if this occurred multiple times and a pattern emerged then this dismissal would be increasingly implausible.

Using red flags is challenging enough in normal times, but COVID-19 complicates matters further. The extensive use of emergency procurement procedures, as well as the highly competitive market, make it difficult to differentiate between genuine causes of concern, administrative failures and appropriate responses to an exceptional situation.

Despite these caveats, a significant number of allegations have raised questions about the integrity of contracts awarded during the COVID-19 pandemic. This section presents the available evidence and offers recommendations to lessen the likelihood of these issues happening again.

ISSUE 7: CORRUPTION RED FLAGS IN NEED OF FURTHER INVESTIGATION

We found 135 contracts, worth over £15.3 billion, where we think there is merit for closer scrutiny. These account for one in every three pounds allocated to COVID-19 contracts.

In our previous report, we used a red flag analysis to identify corruption risks in the awarding of COVID-19 contracts. We based this assessment on procurement integrity risks identified by the OECD (see Annex 2). As a result, we identified 73 contracts relating to the COVID-19 response, worth over £3.7 billion, whose awarding merits further investigation.

For this report, we were able to draw from a wider range of data points, including additional evidence from public authorities, media outlets and academia, and contract data covering a longer period of time. We refined our previous methodology to a list of 14 red flags, which can be found in Annex 3. Using this more comprehensive approach we count 135 sizeable^{xx} COVID-19 contracts with three or more corruption red flags, totalling £15.3 billion, whose awards merit further investigation.

These 135 contracts account for 32 per cent of the total COVID-19 contract expenditure – almost one in every three pounds allocated to the pandemic response. This sum is on par with the entire amount spent on COVID-19 PPE contracts by public authorities in the UK.

Contracting authorities signed almost all these contracts in the first two years of the pandemic (99 per cent by count and value). The vast majority of the contracts were for acquiring PPE or for obtaining testing products and services (97 per cent by value). The most common red flags were delayed publication of contracts and those awarded uncompetitively. However, most of these contracts exhibited red flags across multiple areas of risk – including those associated with the supplier profile, the procurement process and the contract outcomes – and often spanning all three. Some contracts displayed as many as eight red flags. As Chart 7 shows, most of the high-risk contracts we identify in our study were awarded during the first six months of the main pandemic response.

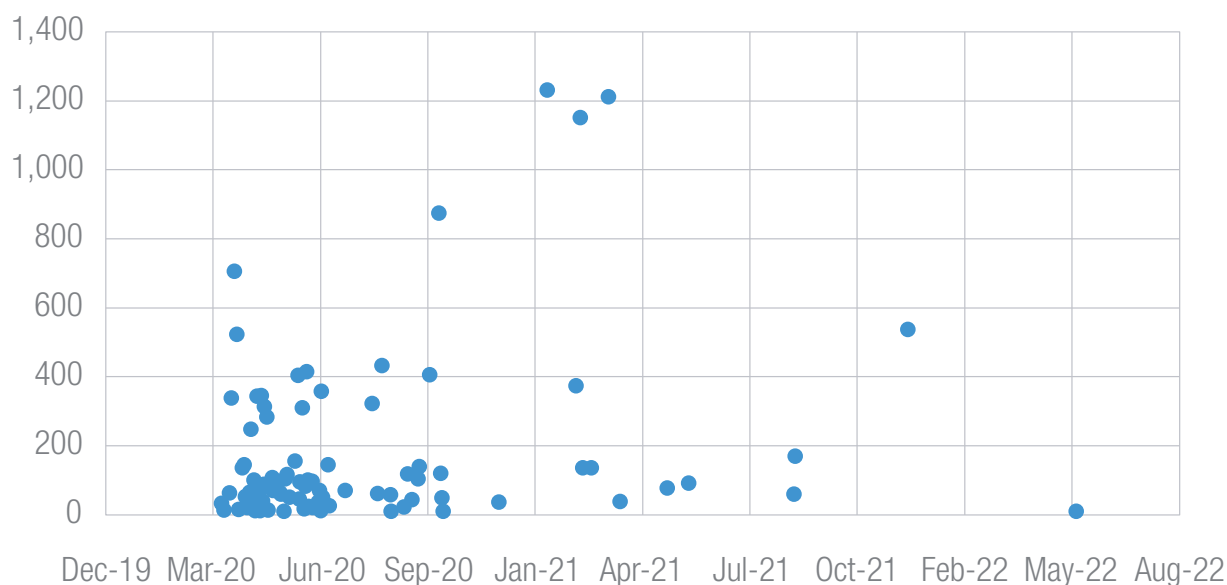
To date, the official reviews into the awarding of COVID-19 contracts include:

- a PAC report on contracts awarded to PPE Medpro, which is also the subject of an ongoing criminal investigation by the National Crime Agency⁹⁰
- a PAC inquiry into testing contracts awarded to Randox Laboratories Ltd⁹¹
- an NAO investigation into government procurement during the COVID-19 pandemic⁹²
- an NAO investigation into the management of PPE contracts⁹³

These reviews have progressed alongside investigations by various civil society organisations and the media, including the Good Law Project,⁹⁴ the Guardian⁹⁵ and The Times.⁹⁶

^{xx} Those involving an award of over £10 million to a single supplier.

Chart 7: High-risk UK COVID-19 contracts by value (£ millions) and month of award, February 2020 to August 2022



Overall, these efforts have provided rich insights into certain aspects of procurement during the pandemic, such as the intricacies of a particular contract award or a department’s processes for triaging offers of procurement. However, we contend that there should be a more structured review of contracts for impropriety, led by relevant authorities with the powers to secure the relevant evidence, which this report and its predecessor have started but cannot finish. While we can draw on a wealth of open-source information, too much evidence is beyond our reach for us to provide a complete picture of the facts.

Our analysis provides an opportunity for others, including the COVID-19 inquiry, the NAO and the proposed Corruption Commissioner, to target their work more effectively. These investigations are crucial to establishing the facts, securing accountability for anyone involved in wrongdoing and learning lessons for the future.

RECOMMENDATION 7

To provide greater assurance and accountability over the use of public money, relevant authorities should prioritise investigating the 135 contracts we identify worth £15.3 billion with three or more corruption red flags.

ISSUE 8: UNJUSTIFIABLE UNCOMPETITIVE TENDERING

We found that almost two-thirds of all high-value UK COVID-19 contracts, worth £30.7 billion, lacked competition. A year into the pandemic, most of the contracts awarded by value continued to be given without competition – unlike in EU countries, which quickly abandoned this practice.

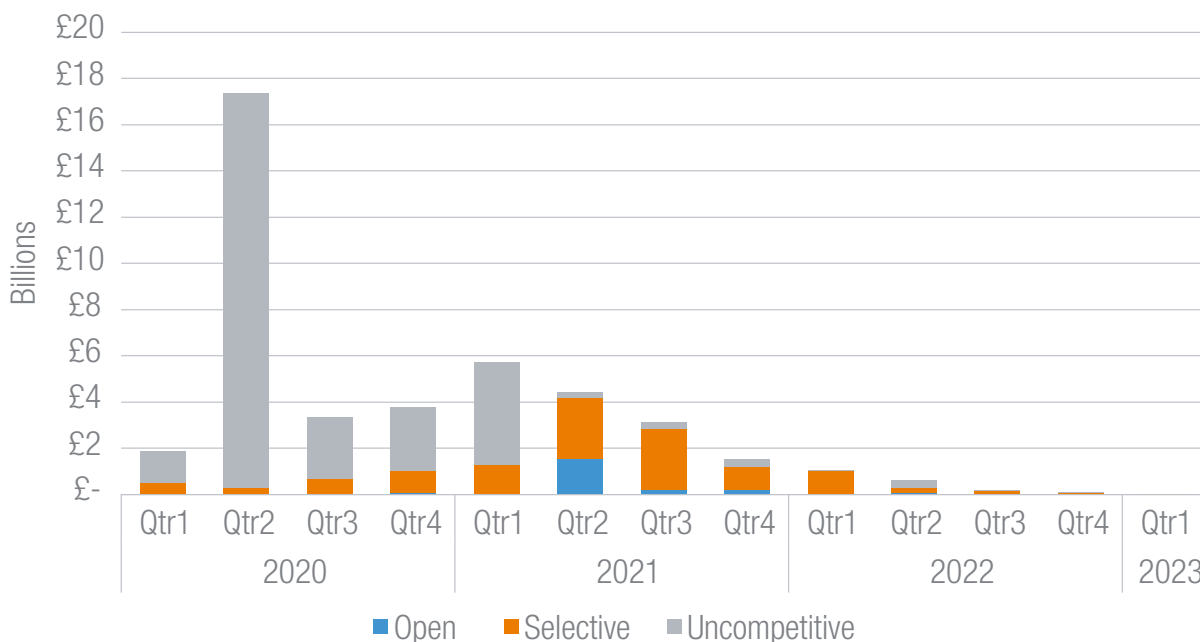
Once a contracting authority decides a procurement is necessary, it must then decide how to conduct the process. There are four methods:⁹⁷

- open: all interested suppliers can submit a tender.
- selective: the contracting authorities invite tenders from suppliers that have prequalified in a previous procurement.
- limited: the contracting authority contacts a few suppliers without competition.
- direct: the contracting authority awards a contract to a single supplier without competition.

This section focuses on uncompetitive procurement, which includes the limited and direct methods.

The UK Government,⁹⁸ watchdogs,⁹⁹ and international organisations such as the OECD¹⁰⁰ and the World Trade Organization¹⁰¹ agree that competition in procurement boosts efficiency, fosters innovation, secures better value

Chart 8: Procurement method by contract value (£ billions), February 2020 to February 2023



for money and improves services. It enables buyers to choose the proposal that offers the best mix of benefits and cost. The UK Government estimates that the Procurement Act 2023’s focus on increased competition could yield annual savings of between £4 billion and £7.7 billion.¹⁰²

Conversely, uncompetitive procurement is more prone to resulting in lower value for money¹⁰³ and bad results from contracts.¹⁰⁴ It also allows more individual discretion over the outcome of the award process, so it is easier to make biased and dishonest decisions. Corrupt deals, such as those involving kickbacks or cronyism, invariably need some form of limited competition to award contracts to favoured suppliers.¹⁰⁵

In the UK, contracting authorities must use competitive processes for procurement except in specific and limited emergency situations. The Procurement Act 2023, the Public Contracts (Scotland) Regulations 2015 and World Trade Organization agreements, along with the now-superseded PCR 2015, require authorities to engage the market as a default before awarding contracts.

The main exception to competition in the rules that applied during the pandemic was if a direct award was strictly necessary for reasons of extreme urgency brought about by unforeseen events that had not been caused

by the contracting authority, and where the timeframes did not allow for open tendering.¹⁰⁶ The rationale for this exemption was that cutting lengthy tendering processes would help authorities get what they needed quickly in an emergency. This is crucial when supplies are short and demand is high, as they were in the first year of COVID-19.

In March 2020, in response to COVID-19, the UK’s Cabinet Office issued a procurement policy note stating that the COVID-19 situation met the criteria for extreme urgency, which permitted uncompetitive awards. From that time, as shown in Chart 9, UK entities used uncompetitive methods extensively.^{xxi}

Our analysis of official procurement data shows that UK contracting authorities allocated £30.7 billion to uncompetitive contracts related to COVID-19 between February 2020 and February 2023. This accounts for almost two-thirds of the total value of COVID-19 contracts.

Three types of products and services make up 95 per cent of the value of these uncompetitive contracts:

- PPE: 43 per cent (£13.3 billion)
- testing: 40 per cent (£12.4 billion)
- patient care: 12 per cent (£3.5 billion)

^{xxi} Some COVID-19 contract award notices do not have valid OCDS tags to specify procurement methods. We have excluded these from Chart 8 for visual simplicity.

Three contracting authorities allocated 84 per cent of these uncompetitive high-value contracts by value:

- DHSC: 60 per cent (£18.4 billion)
- CPP: 15 per cent (£4.7 billion)
- NHSE: 9 per cent (£2.8 billion)

The sheer scale of contracts awarded without competition during the COVID-19 pandemic dramatically skewed the metrics for all UK procurement activities. Before the pandemic, in the 2018–2019 financial year, 2 per cent of all public contracts valued at over £10 million was awarded uncompetitively.¹⁰⁷ In the 2020–2021 financial year, this rose to 8 per cent. In this same period, we calculate, authorities allocated £27.8 billion to COVID-19 contracts without competition.

One academic study indicates that the UK used less competitive procurement methods than many of its EU counterparts. Its analysis of EU procurement of PPE and medical supplies found that from February to September 2020, 12 European countries, including Belgium, Italy,

Romania and Sweden, managed to procure more than 70 per cent of their contracts with competition. Comparatively, the UK managed only 20 per cent.¹⁰⁸

The research also found that in March and April 2020, national authorities in the EU used uncompetitive processes more often than not. However, by May 2020 competitive purchasing had become predominant, and in the subsequent months competition far outweighed other methods.¹⁰⁹ Our data shows that in the UK, competitive processes began to surpass non-competitive ones only three months after that – in August 2020. In the UK, unlike the EU, the rate of non-competitive contracts remained at around 45 per cent after August 2020, before returning to above 50 per cent in the first three months of 2021.^{xxii} Even well into 2022, there were still quarters where the majority of awards by value were via non-competitive processes.



^{xxii} The different methods for deriving a dataset make this comparison imperfect. While the referenced study includes all medical and PPE procurement, we include only those that are specifically related to COVID-19.

CASE STUDY 2

For whose benefit? Concerns about the public value of contracts with private hospitals

During the most urgent and rushed phase of UK COVID-19 procurement, from May 2020, NHSE struck a series of contracts worth £2.05 billion, without competition, with 26 suppliers for the provision of hospital capacity for NHS COVID-19 patients. This contract ran for around a year. Unlike the typical system – where NHSE pays for each activity (for example, operations or procedures) – this contract focused on securing all the supplier’s hospital ‘capacity’ as a backup option. This included all doctors’ time, all beds and all equipment, among other aspects. In return, NHSE paid all associated operational costs regardless of whether NHS patients used the capacity.^{xxiii}



Data shows that these facilities provided limited use for NHS patients. For example, out of the 8,000 beds available to the NHS in these private hospitals, on 39 per cent of the days covered by the contract no COVID-19 patient used a bed, and on 20 per cent more days only one bed was occupied by a COVID-19 patient.^{xxiv} The cost per activity to the NHS for one supplier is estimated to be around £22,000.^{xxv}

What is more, although the negotiated terms did not allow suppliers to make any ‘profit’ from public funds, they did allow these hospitals to serve their own paying clients. By the end of the first year of the pandemic, most of these hospitals were treating more private clients than NHS patients, all while receiving state funds that covered their operational expenses.^{xxvi} Financial accounts show that 11 firms receiving these awards experienced an average profit increase of £65 million during the contract period.^{xxvii}

The analysis provided by the Centre for Health and the Public Interest raises questions as to the fundamental need for these contracts and adds to existing concerns about expedited processes and their value to the public. It begs the question of whose interests were prioritised. While there may be facts we are not privy to that justify this approach, based on what is publicly available these contracts and how they were awarded warrant closer inspection.

^{xxiii} Centre for Health and the Public Interest, *The devil is in the detail: NHS England's contracts with the private hospital sector during COVID-19* (May 2023) p. 3 <https://chpi-fd3a752d575a6d9748da-endpoint.azureedge.net/wp-content/uploads/2023/05/The-Devil-is-in-the-Detail-NHSEs-contract-with-private-hospital-sector-during-COVID-19-May-2023.pdf>

^{xxiv} Centre for Health and the Public Interest, *For whose benefit? NHS England's contract with the private hospital sector in the first year of the pandemic* (September 2021) p. 5 https://chpi-fd3a752d575a6d9748da-endpoint.azureedge.net/wp-content/uploads/2021/09/CHPI-For-Whose-Benefit_.pdf

^{xxv} Centre for Health and the Public Interest, *Devil is in the detail* p. 10.

^{xxvi} Centre for Health and the Public Interest, *Devil is in the detail* p. 5.

^{xxvii} Centre for Health and the Public Interest, *Devil is in the detail* p. 9.

Despite the evident need for emergency procurement procedures, politicians, campaigners and the media have raised concerns about the substantial sums involved in uncompetitive awards and the decisions and processes used to award them. Much of the public debate has centred on contracts awarded without competition to firms that had political ties but little relevant experience or capability to deliver. The implication is that politicians involved in the process for awarding these contracts used emergency procedures to facilitate corrupt deals.

Our data shows that other red flags are also more prevalent in contracts that authorities awarded without competition. For example, uncompetitive procurement methods make up:

- 74 per cent of contracts by value (over £4 billion) awarded to suppliers with political ties (compared with 63 per cent of those awarded to suppliers without political ties)
- 99 per cent (£269 million) of high-value contracts awarded to very small suppliers (compared with 65 per cent of those awarded to larger suppliers)^{xxviii}

Although these figures provide some insight, they do not reflect the whole picture of how contracting authorities used non-competitive procurement processes for pandemic-related goods and services. The detailed justifications for using uncompetitive processes are often unavailable due to inadequate record-keeping by authorities.¹¹⁰ Previous research has highlighted that procurement officers were aware of lower expectations about reporting during emergencies, leading to a perceived lower risk of misapplying emergency procedures.¹¹¹

To justifiably bypass competitive processes in times of emergency, a UK contracting authority had to meet **all** the following criteria, which are set out in the PCR 2015¹¹² and the Public Contracts (Scotland) Regulations 2015:¹¹³

- it was strictly necessary
- it was required by reasons of extreme urgency
- the events causing this extreme urgency were unforeseeable by, and not attributable to, the contracting authority
- the normal time limits for procurement were impossible

However, the PCR 2015 did not provide more guidance on what constitutes 'unforeseeable', 'strictly necessary'

or 'extreme urgency'. Authorities had to decide for themselves whether these criteria were met, with any disputes settled in court. By the end of 2021, the UK Government had recognised the risk that the ambiguous wording in the PCR 2015 could lead to authorities overusing these procedures.¹¹⁴

During the pandemic, this ambiguity resulted in some authorities leaning towards blanket non-competition when events and needs were neither 'unforeseeable' nor 'strictly necessary'. For example, it is unclear why a year after the UK's first recorded COVID-19 infection authorities spent the most money through uncompetitive processes, despite COVID-19-related events being entirely foreseeable by then. One could even make the argument that the need for large amounts of PPE from what was a very hot market during the early period of the pandemic was a consequence of contracting authorities being unprepared. Given the scale at which uncompetitive procedures were used during our sample period, it is likely that a significant number of contracts were awarded in a way that would now be wide open to legal challenge in the courts.

There are questions about whether this situation was unavoidable. The wording of the PCR 2015 did not allow ministers or the Cabinet Office to narrow the scope of the circumstances that could justify emergency procurement procedures. Instead, the Cabinet Office published non-binding guidance notes to remind authorities of their obligations and the benefits of competition.¹¹⁵ Much has been made of the argument that decisions needed to be made fast to save lives. Although valid, this argument conveniently skates over a lack of preparedness in the first place, distracts from closer scrutiny of the merits of individual awards, and ignores the ability of other countries to return to competitive tendering much sooner than the UK.

Thankfully, the UK Government has brought forward measures that could provide greater clarity in law about when uncompetitive awards are permissible. The Procurement Act 2023 gives ministers the power to authorise the use of emergency procurement through regulations. To specify what types of contracts are eligible under the regulations, the minister 'may':

- specify contracts or classes of contract, or otherwise describe contracts by referring to purpose, subject matter or contracting authority
- include other conditions or limitations
- confer a discretion¹¹⁶

^{xxviii} See the section below 'Lack of adequate contract and price management' for more details on small suppliers for substantial contracts.

These regulations must be kept under review and revoked if the minister no longer considers them necessary.

The Cabinet Office designed these changes to ensure that public authorities can adapt to new, unexpected crises. This flexibility in responding to the unknown comes at the expense of clarity in the law and gives broad discretion to ministers. For example, the word 'may' allows a minister either to refrain from establishing clear rules for emergency procurement or to define them imprecisely. At the same time, the minister could 'confer a discretion' to contracting authorities, granting them power to decide what qualifies for this procedure. To avoid a repeat of the mistakes made during the pandemic, it is crucial that ministers provide guidelines that are as clear and precise as possible in the regulations governing emergency procedures. We expand on this in the *Lack of preparedness for COVID-like emergencies* section below.

RECOMMENDATION 8

To reduce the risk of contracting authorities over-relying on uncompetitive awards during emergency situations, ministers should as much as possible include the following in regulations made under Section 42 of the Procurement Act 2023:

- **define cause for urgency:** clearly describe the specific emergency or event leading to the need for direct awards.
- **limit application:** restrict direct awards exclusively to those addressing the immediate need stemming from the defined event.
- **specify contract types and conditions:** detail with as much specificity as possible the types of contracts covered by the regulation and list all conditions and limitations.

In the absence of similar regulations in Scotland, Scottish ministers should provide clarity over the justified use of emergency procurement powers in guidance.

ISSUE 9: LACK OF PARLIAMENTARY SAFEGUARDS IN NEW EMERGENCY POWERS

New powers in the Procurement Act 2023 could reduce the risk of unjustifiable uncompetitive contract awards, yet they lack robust parliamentary oversight and therefore remain open to abuse.

In our *Track and Trace* report, we highlighted the need for greater parliamentary oversight of these powers, given the wide discretion assigned to ministers. We recommended that these regulations be subject to:

- the 'made affirmative procedure',^{xxix} which cannot be used more than twice within the same 12-month period for the same emergency, with parliamentary approval of the regulation within 28 days of the regulation being laid
- a 'sunset clause' of up to 90 days
- any subsequent renewal requiring the minister to make a statement before the House explaining why it is necessary, and an affirmative procedure
- a statutory review ending no more than 12 months after the end of the last crisis period declared under these powers

We also recommended that any contract awarded under these crisis measures would still require full transparency within the standard publication deadlines.¹¹⁷

Subsequently, the Procurement Bill was amended during its passage through Parliament so that regulations introduced under these new powers have to be made through the made affirmative procedure¹¹⁸ and the contracting authority has to publish a transparency notice before issuing a direct award.¹¹⁹ However, there could be more safeguards against the abuse of what is quite a broad discretion for ministers.

^{xxix} Laws passed by ministers without being considered by Parliament, but which cannot remain law without subsequent parliamentary approval <https://www.parliament.uk/site-information/glossary/made-affirmative/> [accessed: 26 July 2024]

Currently, ministers alone can revoke these regulations – they lack the benefit of an automatic expiry date (a ‘sunset’ clause) that would require the Government to make the case again to Parliament for extending emergency procurement rules. Additionally, there is no mandate that ministers explain the need for continuing to allow the emergency procedures should they persist, and no requirement for a post-crisis review. Addressing these issues would help to:

- minimise the potential for ministers to misuse these powers and for actions that could undermine confidence in an emergency response
- reduce the likelihood of expensive legal action
- clarify when expedited procurement is appropriate

As mentioned previously, we also proposed a sunset clause of up to 90 days. After considering this further and consulting stakeholders during the passage of the Procurement Bill, we have concluded that this should be reduced to 60 days. This still provides a balance between the need to speed up emergency efforts – which could largely fall within the first two to four months^{xxx} – and the need for parliamentary oversight of these broad executive powers.

Additionally, allowing ministers to use the made affirmative procedure twice a year for the same emergency response would still give ministers and public authorities a four-month window in life-or-death situations. There would still be an opportunity to extend emergency procurement rules after explaining a clear rationale to Parliament and securing its backing through a vote.

These safeguards, alongside a mandatory review process that is subject to public scrutiny, would enhance these new powers and help to allay unnecessary and avoidable suspicion about how public funds are managed.

RECOMMENDATION 9

To provide stronger checks and balances against executive abuse of new emergency powers, the UK Government should legislate to:

- **introduce a sunset clause for emergency procurement powers.** Any emergency procurement regulation made under Section 42 of the Procurement Act 2023 should automatically expire (i.e. include a ‘sunset’ clause) after 60 days from taking effect, with the ‘made affirmative’ procedure only usable twice within the same year for an emergency response.
- **justify renewal of emergency procurement powers to Parliament.** Any renewal should require a ministerial statement to Parliament detailing the continued need for the order, followed by an affirmative procedure in both houses of Parliament.
- **mandate post-crisis reviews of procurement under emergency procurement powers.** There should be a legal requirement for the UK Government to commission and publish an independent review of the use of these powers no later than 12 months after the last crisis period recognised under the powers.

^{xxx} Based on our analysis of data from the COVID-19 pandemic.

ISSUE 10: POOR MANAGEMENT OF CORRUPTION RISKS

We found that 182 high-value contracts, worth £5.4 billion, were awarded to politically connected suppliers. This is equivalent to over one in every ten pounds spent on COVID-19 procurement.

During the pandemic, public interest reporting by the media criticised contracts awarded to suppliers that seemed to have links to political figures. Terms like ‘chumocracy’ and ‘cronyism’ described these suspected ties, implying that personal connections often outweighed a company’s qualifications.

We define ‘politically connected’ as falling into one or more of the following categories:

- **Donors:** either the supplier or an individual controlling the supplier company had donated to the party of government at the time within the last two decades.
- **Senior political figures:** the company was controlled by, had a controlling individual who was related to, or employed a senior figure of the party of government at the time.
- **Other affiliations:** the company or its owners were connected to the parties of government at the time in a way not mentioned above – for example, through informal relationships or past professional connections.



High-value contracts with politically connected suppliers make up just 3 per cent (182) of our dataset, yet by value they represent 11 per cent (£5.4 billion) of all COVID-19 contracts. Public authorities spent 99.7 per cent (£5.4 billion) on these politically connected high-value contracts in the pandemic’s first two years, with 63 per cent (£3.4 billion) signed in 2020 alone. Almost all these awards were for testing products (£3.2 billion) or PPE (£1.9 billion).

What the public knows about the awarding of these contracts remains patchy and largely depends on public interest reporting by the media and litigation in the courts. There are generous interpretations of the disproportionate awarding of contracts to politically connected companies. For example, it could be that the same qualities that lead a company to form connections with politicians – such as extensive experience and industry prominence – also position the company favourably for winning a contract.

However, during a crisis like COVID-19, there is a heightened public sensitivity to potential abuses of power. Allocating substantial funds to firms with political ties, especially when spending is urgent and less regulated, inevitably raises concerns about cronyism: as noted under *Issue 8*, authorities awarded 74 per cent (£4 billion) of these contracts without competition. To ease and avoid these concerns, there are crucial safeguards against impropriety, yet from what we know these were ignored or not complied with.

The law and codes of ethics in government require that ministers and their officials identify, clearly document and adequately manage conflicts of interest like these. The NAO’s audit of COVID-19 procurement makes it clear that the UK Government failed to do this, providing examples of decisions that were made without considering the risks involved, without clearly justifying the use of emergency procedures and without sufficiently managing conflicts of interest.¹²⁰ While the audit stated that ministers declared their interests and the NAO found no evidence of ministers’ involvement in specific procurement decisions, this statement is not qualified in a way that provides complete assurance of propriety. Indeed, it is clear from a plethora of public interest reporting that ministers were involved in referring suppliers,¹²¹ even if they did not sign a contract themselves (which would in any case be unusual for a minister to do).¹²²

The law also requires timely publication of contract awards, and this process was especially tardy for awards with political connections. Authorities published 77 per cent of these politically connected high-value contracts after the legal limit of 30 days; this compares with 69 per cent for those without political connections. The lateness of these transparency disclosures, combined with the

government's general reluctance to answer simple questions about these relationships, has not helped to alleviate suspicions of foul play.

Putting aside better compliance with the rules around procurement, the UK could do more to be open about potential conflicts of interest and how they are managed. Currently, those monitoring procurement can identify potential conflicts of interest by connecting publicly available records – for example, contract award data, Companies House records and the Electoral Commission's register of donations. However, doing this systematically is exceedingly difficult. Leaving it to the public to discover these facts, as opposed to recognising them proactively, can also give rise to the perception of conspiracy when in reality the contracting authority has recognised and addressed the issues.

Under the UK's new procurement laws, contracting authorities must do a 'conflicts assessment' to identify risks that a contractor (or group of contractors) may be given an unfair advantage.¹²³ These must be kept on file and under review. The contracting authority must confirm that it has carried out an assessment when publishing procurement notices, such as a tender opportunity or a transparency notice for a direct award. Given that these documents could be accessible under freedom of information laws, there is an argument that the contracting authorities should publish them proactively – at least for substantial awards, where the authority must also publish a copy of the contract. This could reduce the administrative burden of responding to FOI requests and put authorities on the front foot in rebutting potential claims of foul play.

RECOMMENDATION 10

To better protect against the perception, or reality, of cronyism in the awarding of public contracts, the UK should require contracting authorities to publish conflicts assessments for major awards. The UK Government should legislate that contracting authorities must publish their conflicts assessments alongside major contract awards, as long as there are no significant legal reasons that this requirement should not be introduced.

ISSUE 11: SYSTEMIC BIAS IN THE AWARDING OF CONTRACTS

As we concluded in our previous report, triaging PPE offers through a closed group that included politicians of only one party created a systemic and partisan bias in the award of these contracts. Subsequent legal action by the Good Law Project found that a similar method was used to source suppliers for testing. In total, we identify 51 high-risk contracts worth a total of £4 billion that went through the unlawful 'VIP lane' for PPE, 24 of which with a combined value of £1.7 billion, were referred by Conservative politicians or their offices.

During the pandemic's first year, the UK Government received tens of thousands of PPE supply offers.¹²⁴ The DHSC established a 'high-priority lane', also known as the 'VIP lane', to triage offers of assistance that had come via officials, MPs, Lords and ministerial offices.¹²⁵ These offers were fast-tracked, and they were more likely to receive contracts than the offers that had come through the normal channels. Around 2 per cent of all offers (around 500) went through this VIP lane.¹²⁶ Of these, 51 suppliers were successful, representing a 10 per cent success rate.¹²⁷ In comparison, the success rate was around 0.7 per cent for offers processed through other routes.¹²⁸

Using government releases¹²⁹ and official procurement data, we calculated that the value of all VIP-lane PPE awards was around £4.2 billion across 109 contracts.^{xxxii} At the time of our previous report, we concluded from the available evidence that knowledge of the VIP lane outside a small number of officials in Whitehall could have been confined to those within the party of government in Westminster.¹³⁰ Consequently, the preferential treatment afforded to these suppliers amounted to systemic bias in the awarding of PPE contracts.

Based on disclosures since that report, we now know that:

- £1.8 billion (42 per cent) went to politically referred suppliers
- £1.7 billion (41 per cent) went to politically connected suppliers
- all the referrals made by politicians came from members of the Conservative Party, and all the political connections to these suppliers were within that same party

xxxii We note that figures from procurement portals differ slightly from information on the value and number of VIP contracts released by the UK Government.

This confirms our previous finding that there was party political bias in the triaging of PPE offers.

The risk profiles of VIP lane high-value contracts also included at least three other red flags:

- the contract award notices for all £4.2 billion were published online beyond the legally required 30-day period.
- possible issues, including faults, with products provided by suppliers who were awarded a total of £3.3 billion in contracts
- £228 million (5 per cent) went to 14 suppliers no more than 100 days old

Not only was this process procedurally flawed and high risk, but it also resulted in substantial amounts of waste. Research by Spotlight on Corruption found that 25 companies in the VIP lane supplied PPE worth £1 billion that was not fit for purpose.¹³¹ According to internal government documents obtained by the Good Law Project, VIP-lane PPE contract prices were inflated by at least £925 million, meaning that they were on average 80 per cent higher than those of suppliers engaged through other routes.¹³² Given the lack of clarity over the true extent of the VIP lane for PPE, and the performance of contracts made using it, the real amount of waste could be significantly higher.

Since our previous report, the Good Law Project has secured confirmation through an FOI request that the UK Government operated a similar system to triage offers to provide testing products.¹³³ This worked slightly differently from the triaging of PPE offers, in that an offer referred by a politician did not automatically enter a distinct lane. Instead, civil servants tagged the offer as 'VIP', 'fast track' or 'priority' as part of the triaging process.¹³⁴

Evidence suggests that the system for triaging testing products still prioritised offers from prominent officials and politicians. For instance, a directive from a Cabinet Office procurement director stated, 'If [offers] come from a minister/private office, please prefix the subject line with FASTTRACK'.¹³⁵ As with the PPE VIP lane, none of the special advisors, ministers or parliamentarians making these referrals came from any party other than the Conservatives.

Not including universities, we know that at least 39 companies with high-priority tags on their offers received contracts through this process.¹³⁶ The extent to which these had a higher success rate than recommendations without such tags is unclear: although we know the names of the suppliers referred through the testing VIP



lane, the UK Government has not yet confirmed which public contracts were awarded through this process. However, from the available procurement data we do know that:

- £4.7 billion in testing contracts (20 per cent) went to politically referred suppliers
- £555.9 million in testing contracts (2.4 per cent) went to politically connected suppliers
- all the referrals made by politicians came from members of the Conservative Party, and all the political connections to these suppliers were within the same party

The PAC described the process of purchasing PPE as 'panic-buying'¹³⁷ and stated that conflicts of interest in the VIP lane were high by design, with little information or assurance from the DHSC about how these conflicts were being handled.¹³⁸ Even when the DHSC found that some aspects of potential suppliers were sub-optimal, they put in place only limited safeguards and then bought the products anyway. The High Court has since declared this approach unlawful.¹³⁹ It has also resulted in costly litigation in the courts, criminal investigations, and untold damage to confidence in how public finances are managed.¹⁴⁰

The UK Government has made two main points in response to concerns over the VIP lane. First, ministers did not personally approve individual contracts, ensuring that there were no potential conflicts of interest during the decision-making phase. Second, evaluators used standard procedures and the same criteria to assess fast-tracked suppliers and regular suppliers. The government also makes a third implicit argument, which

is that considering the first two points, it did not really matter who was awarded a contract as long as they went through a robust set of checks beforehand.

In reply to the first point, the fact that ministers did not decide on each individual contract does not mean there were no conflicts of interest at play. Government guidelines state that a conflict of interest is pertinent even if the official has 'no direct involvement in the procurement or influence over the award decision'.¹⁴¹ Therefore, evaluators should have reviewed the relationship between supplier and referrer, and the government's first defence does not stand up to scrutiny.

On the second point, civil servants started using the eight-stage due diligence process for VIP referrals only after the UK Government had approved 40 per cent of the VIP contracts. Before this, they did not carry out all checks.¹⁴² At most, the government's defence is only valid for referrals managed after establishing this due diligence process.

We illustrate why this matters, and why the government's implicit argument does not hold, with the following hypothetical example.

Two suppliers, A and B, offer PPE supplies. Company A has a good record of providing specialised PPE masks and competitive pricing but has no connections to politicians. Company B has an adequate record, with higher-than-average prices, but is based in a constituency with links to an MP whose party is currently in government. Company B has a route into the VIP lane and a fast-track referral, while Company A does not.

Even if evaluators subject both companies to the same verification and assessment process, Company B's offer gets reviewed and approved first because of the prioritised process. When officials finally get round to evaluating Company A's potentially superior offer, they have already fulfilled their needs for those specific masks by awarding the contract to Company B. Therefore, in this scenario, Company B benefits while the contract is sub-optimal.

As we mentioned in our previous report, there are also fatal flaws in the government's overall logic for triaging offers of supplies.¹⁴³ It is nonsensical to contend that politicians are suitable conduits for referrals on matters in which they have no obvious expertise, especially when there are better-placed professionals for this job who were not consulted. Even if we entertained the proposition that politicians were qualified to act as a 'trusted source', we would expect referrals to come from more than one political party. This was categorically not the case.

We conclude that while triaging is supposed to prioritise the best offer available, in this situation it did the opposite in many cases. This was to the detriment of the public purse, confidence in the UK Government's handling of public finances, and potentially people's survival.

The COVID-19 inquiry provides an opportunity to:

- improve our understanding of how the VIP lanes operated, building on what we have learned from sporadic releases through official audits, FOI requests and legal action
- allow those involved in these decisions to account for their actions now that more of the facts are known
- develop learnings for future governments to avoid a repeat of this debacle – in particular, outlining what an alternative, more transparent and more effective supplier evaluation process should look like in any future emergency

RECOMMENDATION 11

To help learn from past mistakes and better prepare for future pandemics, the UK should:

- **establish the facts about the UK Government's high-priority lanes.** The UK's COVID-19 inquiry should provide an independent summary of the relevant facts regarding the operation of high-priority lanes prioritising supplier offers during the pandemic. This should include which contracts were prioritised and awarded through the VIP lane for PPE and high-priority lane for testing; correspondence relating to referrals through the PPE and testing priority lanes; and witness statements from those involved in the rationale and operation of these lanes, along with any concerns they had about impropriety.
- **develop transparent criteria for emergency supplier evaluation:** To better prioritise supply offers in future pandemics, governments across the UK should create and openly disseminate clear guidelines for assessing and prioritising offers of goods and services, including managing conflicts of interest, and avoiding systemic political bias in the awarding of contracts.

ISSUE 12: LACK OF ADEQUATE CONTRACT AND PRICE MANAGEMENT

We found that 39 contracts, worth £803.8 million, went to suppliers with little track record.^{xxxii} We found that 29 contracts, worth £271.5 million, went to suppliers that had a turnover of £632,000 or less at the time. We also calculated that COVID-19 contracts boosted some suppliers' profit margins by as much as 40 per cent. Together, these findings raise serious questions about the suitability of some suppliers and about contract and price management in pandemic procurement.

Public authorities awarded several large contracts to newly established companies, with little to no apparent experience of handling critical COVID-19 supplies, during the three-year period we reviewed. Naturally, the practice of giving substantial amounts of public money to seemingly unqualified businesses raises questions.

Fresh market entrants can bring dynamism and innovation, potentially rejuvenating stagnant sectors and fostering healthy competition. Yet this is not without potential pitfalls. Without a well-established history of transactions, operational experience or vetted financial records, the possibility of fraud and similar risks increases. For example, a new market entrant could be a shell company that possesses the façade of genuine business intent but actually wants to make a quick profit rather than properly deliver goods or services. Similarly, it could suggest an over-reliance on intermediaries to procure goods from manufacturers overseas, obscuring the supply chain.

By combining Companies House registry data with contract award notices in our dataset, we found that:

- 31 newly established UK-based suppliers (no more than 100 days old) secured 39 contracts, totalling £803.8 million in value
- authorities appear to have awarded seven contracts, worth £30.3 million, to seven suppliers before they had formally registered as companies
- eight high-risk contracts worth a total of £500 million went to suppliers no more than 100 days old

The UK relied heavily on imports for goods related to COVID-19 due to limited domestic manufacturing. As a result, many new intermediaries emerged to facilitate the UK's procurement of essential items, such as PPE. Here,

intangible assets (such as personal networks) might have taken precedence over experience, potentially positioning these intermediaries as suitable contract candidates.

However, given reports that established companies made offers, there are valid questions as to why buyers treated these newly formed entities as more suitable for such high-value contracts. These concerns are magnified when considering the lack of competitive tendering, the political connections with some of these suppliers, and the number of items that were unfit for use.

Another red flag was raised when a small company received a contract that dwarfed its size.¹⁴⁴ Small suppliers are less likely to have the operational, financial or human capacity to deliver on large complex projects. This increases the risk that a supplier's motives are skewed towards making a quick profit rather than genuinely fulfilling a contract.

To qualify as a 'micro entity' in the UK, a company must meet at least two of the following criteria:

- its turnover is less than £632,000
- it has fewer than 10 staff on the payroll
- its balance sheet total is under £316,000¹⁴⁵

We found that authorities awarded 29 contracts worth more than £632,000 (the turnover threshold for a micro entity) to suppliers that were micro entities at the time. These contracts cumulatively amounted to £271.5 million. We also found other significant red flags against many of these awards. Of these 29 contracts, the authorities:

- awarded 99.2 per cent by value (£269.4 million) through uncompetitive processes
- published 98.2 per cent by value (£266.5 million) of the contract award notices late
- awarded 22.3 per cent by value (£60.4 million) through the VIP lane

^{xxxii} No more than 100 days old.

CASE STUDY 3

Micro company Luxe Lifestyle Limited

According to the company's 2019 annual accounts, Luxe Lifestyle Limited was a micro company with negligible fixed assets, negative net assets and no employees.^{xxxiii} The company secured a PPE contract worth £25.8 million in April 2020, despite having been incorporated only in November 2018 and having no previous experience.^{xxxiv} According to the Guardian, Greg Hands, then a trade minister, referred the company via the VIP lane after a Conservative activist's recommendation.^{xxxv} Luxe Lifestyle said in response that their contract was "negotiated on an arm length basis", and that no-one at the company had been in direct contact with any Minister or had "contacted or spoken to Greg Hands."

A subsequent FOI request revealed that the UK Government had marked £20 million of the contracted PPE as 'do not supply', meaning that the NHS could not use it. The company has not filed annual accounts since receiving the COVID-19 contract and filed to be struck off in January 2023 – a move that was subsequently blocked by the Registrar of Companies due to an objection.^{xxxvi} Luxe Lifestyle Limited denies any impropriety in the contract award and asserts that its PPE was usable.^{xxxvii}

Several media reports suggest that some businesses and individuals might have benefited unfairly from the urgent need for COVID-19 material, PPE in particular, and that they profiteered from the emergency.¹⁴⁶ These stories focus on substantial intermediary fees, large profits garnered by select suppliers and high prices. To make matters worse, some supplied allegedly substandard products, which could have put users' lives at risk. The juxtaposition between the substantial private benefit and the public's peril in these reports encapsulates the strong sense of injustice that taints many people's perception of the pandemic response.

In Annex 4 we provide six examples to show how several suppliers of testing and PPE related to COVID-19 generated record profits and dividends off the back of public contracts. Using data from accounts submitted to Companies House, we calculate that these contracts boosted their beneficiaries' profit margins by as much as 40 per cent. This substantial increase seems hard to justify.

Unsurprisingly, those responding to these allegations previously have defended their conduct as legitimate and uncontroversial. Some of the alleged profiteers have claimed that their windfalls were insignificant, that they merely reflected market rates, and that a portion would go to charity.¹⁴⁷ Some have implied that suppliers' ability to make substantial profits was the UK Government's fault for signing off on the costs, rather than suppliers' fault for charging them in the first place.¹⁴⁸ Others suggest that substantial profits generated from COVID-19 contracts were justified by the risks they were taking in a heated and highly volatile market.¹⁴⁹

There is an element of truth in some of these rebuttals. What is becoming increasingly clear is that some public bodies, including the UK Government, did not put in place robust contractual terms to manage the risk of these arrangements sufficiently. The DHSC has also admitted to the PAC that it could not consider profit margins when awarding contracts, and that the hot global market at the time meant it was 'not possible' to include the usual contractual safeguards against profiteering.¹⁵⁰ For example, at least one contract between the DHSC and Randox Laboratories Ltd lacked price benchmarking, and the DHSC did not consider the risk of excessive supplier profit.¹⁵¹

In leaving out these contractual safeguards, the department undermined its ability to pursue action against suppliers retrospectively for excess profits. That some of the suppliers securing major profits from these contract awards were referred through the VIP and high-priority lanes compounds the view that these deals were not only ethically dubious but also corrupt.

Yet the blame cannot be laid entirely at government doors. Even if it is permissible, it is morally unjustifiable to seek excessive profits off the back of desperation. Notably, broad equivalents in criminal law prohibit this kind of behaviour, albeit in relation to those who try to exploit a dominant market position or fix prices to secure undeserved profits.¹⁵²

^{xxxiii} <https://find-and-update.company-information.service.gov.uk/company/11703750/filing-history/Mzl4NjA4Mzc2M2FkaXF6a2N4/document?format=pdf&download=0> [accessed: 21 June 2024]

^{xxxiv} <https://ted.europa.eu/en/notice/-/detail/293547-2020> [accessed: 21 June 2024]

^{xxxv} <https://www.theguardian.com/politics/2023/feb/12/firm-won-ppe-contract-greg-hands-approached-by-tory-activist-luxe-lifestyle> [accessed: 21 June 2024]

^{xxxvi} <https://find-and-update.company-information.service.gov.uk/company/11703750/filing-history> [accessed: 21 June 2024]

^{xxxvii} <https://www.theguardian.com/politics/2023/feb/12/firm-won-ppe-contract-greg-hands-approached-by-tory-activist-luxe-lifestyle> [accessed: 21 June 2024]

Parliament should consider whether similar restrictions should be included in the law for future pandemics.

Oversight bodies have struggled to assess value for money and levels of profit. For example, in a profit review, the PAC labelled records on Randox's contracts 'woefully inadequate' and stated that the DHSC could not provide enough evidence for them to offer a view on whether there had been profiteering on testing contracts.¹⁵³ The NAO also faced challenges in assessing PPE value for money due to a lack of relevant information.¹⁵⁴ Randox claim their pricing reflected volatile market conditions and risks at the time. See Annex 5 for a summary of their response to our request for comment on these allegations.

Such issues are even more pronounced for the public. Crucial information, such as unit prices, is not available in contract award notices, and authorities frequently redact contracts or reject FOI requests. There is therefore a concern that no one, inside or outside government, can get close to understanding the extent to which profiteering could have occurred.

Overall, the presence of substantial profits and unusually large contracts suggests a potential motive for profiteering. Meanwhile, uncompetitive procurement, combined with evidence of weak due diligence and internal and external oversight, implies that there were opportunities for such practices.

Given the inherent urgency and the heightened risk of dishonest practices in a crisis, contracting authorities should always consider the risk of profiteering as part of their due diligence, especially when dealing with new and very small companies. They should prepare their due diligence processes in advance, defining criteria to assess the risk of profiteering and ensuring that the processes and criteria can be adapted to different crisis situations. Authorities should record these assessments and make them available for internal watchdogs to evaluate after the crisis.

Profit information from Companies House is important for public and internal oversight. However, it is hard to review this information quickly because it is spread across many different scanned PDFs. Some companies publish information in structured data formats, but many do not, and combining the available data into a single dataset is tough. Easy and quick access to this information in a comparable format would improve accountability and be invaluable in an emergency when there is no time to go through numerous PDFs. Companies House is proposing to mandate that accounts be submitted in a structured data format as part of implementing recent reforms under the Economic Crime and Corporate Transparency Act 2023. It should bring these reforms forward as soon as reasonably practicable.

Lastly, the UK Government should introduce a requirement to report and publish the prices of key products during an emergency, as recommended by the World Health Organization (WHO).¹⁵⁵ This would allow:

- contracting authorities to see what others are buying – and for how much – for benchmarking purposes
- the public to monitor and raise concerns using the appropriate channels
- internal watchdogs to proactively identify and investigate potential profiteering, rather than having to wait to uncover such issues during post-event audits

RECOMMENDATION 12

To reduce the risk of excessive profiteering during emergency situations, the UK should:

- **undertake profiteering evaluations, particularly in emergencies.** When a crisis may necessitate emergency procedures, contracting authorities should protect against suppliers seeking excess profits by:
 - price-benchmarking offers of supplies
 - considering the potential for undue profit margins
 - incorporating factors such as 'company size relative to contract value' into their assessments
- **consider criminalising profiteering in emergencies.** The UK Government should consider legislating against profiteering during an emergency situation to dissuade companies from taking advantage of any desperate and urgent need for supplies. This has been done in 37 US states.¹⁵⁶
- **report prices and identify anomalies.** The UK Government should consider mandatory public price reporting for key products during emergencies, drawing on WHO guidelines and US anti-price gouging laws, to make it possible to identify and penalise excessive markups and to increase transparency.
- **standardise financial reporting and data compilation.** As soon as possible, Companies House should require annual accounts to be submitted in an electronic format and publish them in structured data formats, so it is easier for the public and relevant authorities to analyse anomalies.

ISSUE 13: OPAQUE SUPPLY CHAINS

When there are chances to secure big profits, combined with intense competition and insecure supply chains, there may be more temptation to secure deals through bribery. Additionally, governments may turn a blind eye to this risk in a desperate attempt to secure essential goods in times of emergency. In our original report, we raised bribery as a hypothetical threat, noting that contracting authorities did not have full view of their supply chains. Since then, evidence from at least one case supports this claim.

Although there is currently no clear evidence that bribery to secure UK public contracts is commonplace, there are large and high-profile cases of UK companies committing – or failing to prevent – bribery overseas.¹⁵⁷ Given the complex supply chains in the case of COVID-19, and considering that they might have spanned countries where the rule of law is weaker or where bribery is more common, we contend that there was a higher risk of bribery in securing critical products (such as PPE) during the pandemic.

As described by one intermediary, the competition to secure PPE in manufacturing countries was like that of a ‘fish market’, portraying a scene of desperate countries and companies vying for limited stock.¹⁵⁸ Upfront payments became the norm, often reaching 100 per cent, to ensure that subcontractors to UK suppliers reserved their inventory.¹⁵⁹ Fraud was rife, with accounts of subcontractors not fulfilling their promises to supply.¹⁶⁰

CASE STUDY 4

Bribery risks in downstream supply chains

UK-based company PestFix was fast-tracked through the VIP lane and secured contracts worth over £340 million to supply the NHS with masks, gloves and gowns. Pre-pandemic, Crisp Websites, which trades as PestFix, had only 16 employees and assets of just over £18,000.^{xxxviii} During judicial review proceedings brought by the Good Law Project, a High Court heard claims that PestFix’s agent in China had secured the gowns through bribery, which was ‘apparently his usual practice’.^{xxxix xl}

Evidence provided by the Good Law Project in these hearings included WhatsApp messages between a senior staff member of PestFix and a UK Government representative. The staff member writes that they had funded the ‘Little Man’ – referring to the associate in China – with cash for a deposit on future deals. Later, it is explained that ‘Little Man is bribing officials at the factory (of his own doing not ours) which is how he gets what he wants’.^{xli xlii}

In a note to the court in advance of the hearings, PestFix’s lawyers said ‘[PestFix] strongly denies that it, or any of its employees or representatives, has ever been involved in bribery... A colloquialism in a single text message is not a proper basis for the Claimants [referring to the Good Law Project] to make a serious allegation of this kind.’^{xliii} Justice O’Farrell DBE made no judgment on the validity of the Good Law Project’s claims of bribery in PestFix’s supply chain.^{xliv}

PestFix did not respond to our repeated requests for comment.

^{xxxviii} <https://www.theguardian.com/world/2023/jan/15/uk-pest-control-firm-nine-million-vip-lane-ppe-deal-pandemic> [accessed: 1 July 2024]

^{xxxix} Good Law Project, *Claimant’s skeleton argument: for trial commencing 17th May 2021* (May 2021) p. 22 <https://drive.google.com/file/d/1uaBqzBp9mntEg5ofM40m13NGS47MXDAg/view>

^{xl} <https://www.standard.co.uk/news/uk/ppe-bribes-china-uk-government-pestfix-b936043.html> [accessed: 3 September 2024]

^{xli} <https://bylinetimes.com/2021/05/18/controversial-ppe-supplier-admitted-agent-intended-to-bribe-officials-in-china> [accessed: 15 September 2023]

^{xlii} Good Law Project, *Claimant’s skeleton argument* p.22

^{xliii} <https://www.standard.co.uk/news/uk/ppe-bribes-china-uk-government-pestfix-b936043.html> [accessed: 29 September 2023]

^{xliv} <https://knyvet.baillii.org/ew/cases/EWHC/TCC/2022/46.html> [accessed: 3 September 2024]

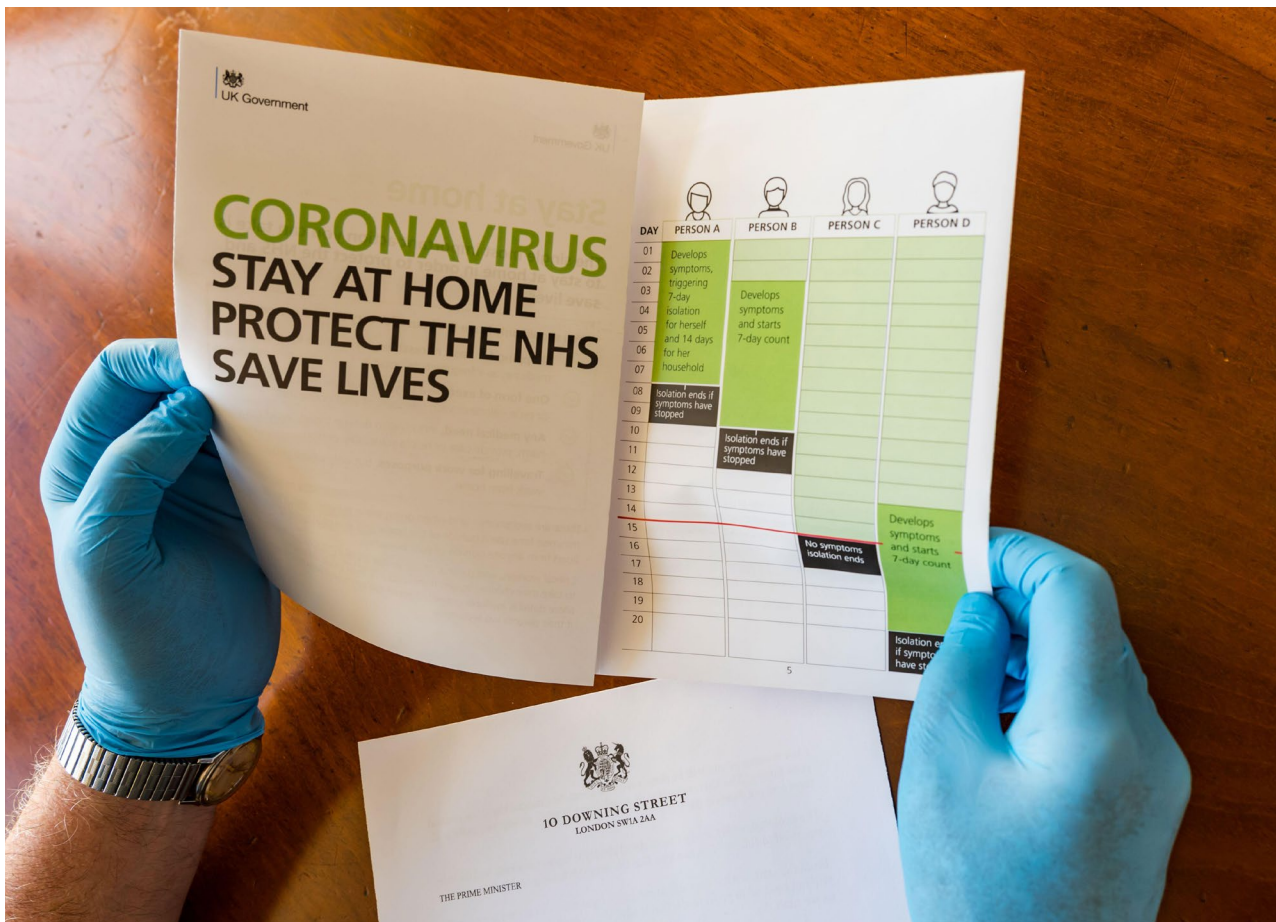
Despite the risks of bribery in the PPE market, we could find no evidence that contracting authorities considered them when allocating contracts. This should be part of any future crisis response plan.

The Procurement Act 2023 brings forward crucial reforms by establishing grounds for the mandatory exclusion of suppliers involved in economic crimes. However, there is a significant omission: Section 7 of the Bribery Act 2010.¹⁶¹ This provision makes UK businesses legally responsible for bribery committed by their ‘associated persons’, such as agents acting on behalf of a company, if they lack sufficient preventive measures. The Procurement Act 2023 therefore misses a significant opportunity to deter instances of downstream bribery. The UK Government should amend this at the first available opportunity.

RECOMMENDATION 13

To better detect and deter bribery in emergency supply chains, the UK should:

- assess corruption and bribery risks in crisis situations.** Contracting authorities should incorporate bribery and corruption risk assessments and mitigation strategies into their procurement practices for crisis responses.
- include Section 7 of the Bribery Act 2010 as a ground for mandatory exclusion.** The UK Government should amend the Procurement Act 2023 at the earliest opportunity to incorporate Section 7 of the Bribery Act 2010 as grounds for mandatory exclusion, enhancing its ability to deter downstream bribery.



LACK OF PREPAREDNESS FOR COVID-LIKE EMERGENCIES

Many of the issues we have explored in this report are the consequence of structural problems with the UK's preparedness for a pandemic. Unfortunately, there is a growing body of evidence suggesting that pandemics like COVID-19 are increasingly likely. Therefore, learning and adapting from recent experience – including better stockpiling, emergency frameworks and supply chain mapping – is crucial to avoiding some of the same mistakes in the next pandemic.

ISSUE 14: LACK OF PREPAREDNESS INCREASING CORRUPTION RISK

A lack of preparedness for emergencies, such as the absence of stockpiles or pandemic supply chains, can lead to a more competitive and 'heated' market for essential goods. This in turn increases the cost of products and the risk of corruption. Arguably, had the UK prepared better for a COVID-type pandemic it would have avoided many of the choices and behaviours that have so undermined public confidence in the UK Government's response.

The UK had tailored its preparedness systems for emergencies that were short, localised and sector-specific. In contrast, COVID-19 has been characterised as a 'long emergency', differing fundamentally from the types of crises the UK had prepared for – such as floods, acts of terrorism or energy blockades.¹⁶²

We are not assessing whether the UK should have been better prepared for long emergencies. By many measures, the UK scored well compared with other countries.¹⁶³ Such crises occur infrequently, perhaps once every 50 or 100 years; indeed, the last pandemic on a COVID-19 scale happened a century ago. Therefore, despite the warning signs of H1N1, SARS and Ebola, some might have believed that preparing for low-likelihood, high-impact events was not worth the cost.

Yet some suggest that in the wake of COVID-19, the UK Government should adapt and fund its preparedness systems to account for long emergencies. There are three main arguments for this.

First, a growing body of evidence suggests that long emergencies are becoming more frequent.¹⁶⁴ For example, a 2021 study from the University of Padua found that the likelihood of experiencing a pandemic like COVID-19 in one's lifetime – currently 38 per cent

– could double in the coming decades.¹⁶⁵ Lord Hague put this succinctly: 'once in a lifetime events are the new normal'.¹⁶⁶

Second, the financial cost of preparing for or preventing a pandemic is far lower than that of being unprepared.¹⁶⁷ While the cost of COVID-19 globally is in the tens of trillions of US dollars,¹⁶⁸ the estimated cost of global preparedness is in the tens of billions.¹⁶⁹ McKinsey & Company argue that even if an event like COVID-19 happens only every 50 years, and even if preparedness only partially reduces its cost, the investment would probably still be cost-effective.¹⁷⁰

Lastly, Russia's invasion of Ukraine serves as a reminder of how quickly international relations can deteriorate. Should a similar rift occur between the UK and China ahead of a future health emergency, the UK could face even more severe market imbalances than those experienced during COVID-19. This is due to the UK's reliance on Chinese manufacturing for critical goods essential to its preparedness efforts. According to our data, through the 'China Make' COVID-19 workstream alone the UK Government secured PPE contracts exceeding £1 billion with Chinese suppliers. Moreover, many (if not most) other suppliers also depended on Chinese manufacturing for products and raw materials, so the real value of PPE goods linked to China is much higher.

These arguments make it prudent for the UK Government to better prepare for long emergencies.

The first option is strategic, pre-emptive stockpiling. In our original report, *Track and Trace*, we urged the UK Government to maintain a substantial PPE stockpile. Subsequently, the DHSC has committed to a stock sufficient for 120 days under a reasonable worst-case scenario.¹⁷¹ However, there is a concern that as the immediacy of the crisis wanes,¹⁷² this commitment may reduce. Therefore, vigilance is critical.



The second option is to expand and develop emergency framework purchasing systems for essential goods, which would activate during the onset of an emergency. These systems would include an extensive list of pre-vetted suppliers to:

- ensure that contracting authorities do not have to choose between thorough due diligence and quick buying during the peak of a crisis
- reduce costly sourcing exercises

The UK should also actively map its supply networks, many of which should be prequalified on these frameworks. This would help to identify:

- potential bottlenecks in long emergencies
- vulnerabilities, such as reliance on single suppliers or countries
- alternative suppliers, such as wholesalers, that the government could turn to in an emergency
- options for quickly repurposing local production lines for key goods, such as PPE

These approaches would mitigate the impact of a sudden surge in demand, the urgency of locating reliable suppliers, and the dependency on potentially unstable global markets and nations – all of which elevate the risk of corruption.

The third option, as proposed by the OECD,¹⁷³ is to commit to providing additional resources, guidance and support to public buyers during a crisis to make it clearer which procurements can justifiably use emergency processes. In a long emergency, the need for support and clarity has the potential to grow due to the high pressure and the frequently changing, complex needs.

During the COVID-19 pandemic, the Crown Commercial Service created a helpdesk to assist contracting authorities with procurement queries. This helpdesk should be an integral part of any future emergency response plan – to provide quick advice on cases where there is no clear justification for using emergency procurement, or to clear up unintended ambiguities in any regulation authorising direct awards.

The Cabinet Office also produced guidance through procurement policy notes. However, these notes either merely referred to the PCR 2015 or reminded

authorities of the benefits of competition, missing an opportunity to offer more precise advice and guidance. In future emergencies, the Cabinet Office should draft an adaptive list of products, services and works suitable for emergency purchase where competition is not possible, and publish it alongside any regulation authorising emergency procedures to protect life. If a need is not on the list, an authority could use expedited procedures but face a thorough post-event review.

Providing greater clarity about the types of goods and services that can bypass normal competition in an emergency should cut the use of riskier procurement while ensuring agility. After an emergency ends, oversight bodies and civil society would also be able to spot deviations from the list, guiding audits of public spending. This clarity would push buyers to scrutinise emergency procedures, reducing rash or opportunistic procurement practices. The guidance's precision would limit subjectivity in deciding what truly needs fast-tracking.

RECOMMENDATION 14

To help reduce the risk of high-risk procurement during future pandemics, the UK should:

- **sustain stockpiling.** The UK Government should ensure consistent and long-term commitment to stockpiling essential supplies, irrespective of the immediate threat environment, to pre-emptively address future health emergencies.
- **develop emergency frameworks.** The UK Government should develop pre-planned emergency frameworks for purchasing goods (such as PPE) and pre-vet suppliers that meet the needs of a long emergency.
- **proactively map supply chains.** Governments across the UK should systematically map critical supply chains to pinpoint bottlenecks and vulnerabilities that may pose challenges during extended emergencies. Additionally, they should identify suitable alternative suppliers and develop contingency plans, such as for when local manufacturing can be repurposed.
- **provide advice and guidance.** The UK and Scottish Governments should supplement any regulation justifying emergency procedures with additional guidance to mitigate excessive use, including:
 - **dynamic emergency procurement lists:** routinely updated lists of products, services and works that contracting authorities can justify procuring under emergency conditions on the basis of historical patterns and the evolving nature of crises
 - **helpdesk for contracting authorities:** in an emergency, the UK Government should equip a helpdesk focused on swiftly assisting contracting authorities that are uncertain about whether their situation allows for non-competitive procurement

INADEQUATE PROTECTIONS AGAINST MISCONDUCT IN PUBLIC OFFICE

UK procurement law contains several safeguards against impropriety, but these safeguards complement and overlap with other rules specifically for holders of public office. During the COVID-19 pandemic, this patchwork of laws, codes and conventions proved to be ineffective and insufficient for securing public trust in the pandemic response. This section explores these weaknesses in more detail and sets out six changes that could help to rebuild trust in government.

ISSUE 15: WEAK SAFEGUARDS AGAINST MISCONDUCT

COVID-19 procurement has become synonymous with corruption. The cavalier approach to securing critical goods and services sometimes went beyond ignoring processes and procedures, seemingly breaching ethical codes and the law. Not only has this episode caused untold damage to the UK's reputation as a beacon of good governance, but it has also cost the taxpayer tens of billions of pounds and put lives at risk. We identify four areas where there is significant room for improvement.

The first area of concern relates to the oversight of ministerial conduct. Presently, the Prime Minister (PM) of the day produces a code of conduct outlining the standards expected of their colleagues, which they alone have the ability to enforce. They are supported by an independent adviser on ministerial interests (the 'independent adviser'), which is a role established by convention, appointed by the PM, and whose powers and responsibilities are laid out in a terms of reference (ToR) determined by the PM.¹⁷⁴ Recent and repeated impropriety by ministers, including in some cases the PM, have brought into question the adequacy of current checks and balances on abuses of high office.

Since 2015, we have recommended enhancing the independent advisor's autonomy and power to oversee the ministerial code.¹⁷⁵ The 2022 updated ToR for the advisor addressed some, but not all, of these concerns. Rectifying this remains crucial today.¹⁷⁶ The Labour Party committed in its 2024 manifesto to creating 'a new independent Ethics and Integrity Commission ... to ensure probity in government'.¹⁷⁷ This presents an opportunity to apply learnings from the pandemic, which includes giving this role:

- **statutory footing**, to provide greater clarity over their role and reduce the risk of its dissolution
- **an open and competitive appointments process**, so the postholder is not subject to the patronage of the PM
- **operational independence** to carry out its functions without fear or favour
- **adequate resources and powers** to provide advice and guidance to ministers, as well as to conduct thorough investigations into alleged misconduct

While the Prime Minister should retain the right to form their government and have a wider range of sanctions available for proven breaches of the code, there should also be an alternative avenue for redress to prevent PMs consistently failing to sanction ministers for serious breaches of the Code. This 'backstop' could be a parliamentary committee that has the power to call in a sanction should the PM prove unwilling to enact consequences for breaches of the Code of Conduct. Similar actions should be taken in the devolved nations to enhance the oversight of their ministerial codes.

The second area of concern is the weaknesses in the UK legal framework that make it harder to issue penalties for corrupt acts. Currently, criminal misconduct (such as accepting bribes) is punishable under the Bribery Act 2010,¹⁷⁸ while embezzlement and defrauding the public are offences under the Fraud Act 2006.¹⁷⁹ A more ambiguous common law offence covers other corrupt actions in public office, including major abuses of public trust. While the first two acts provide strong legal deterrence, experts widely perceive the third as vague and ineffective. Following an extensive review, the Law Commission for England and Wales proposed a more



precise statute for public office corruption.¹⁸⁰ Enacting this swiftly would underscore the UK Government's commitment to integrity in public roles.

The third is the cloak of opacity which provided cover for politically connected suppliers to lobby for lucrative public contracts away from the public eye. There is now a wealth of evidence of how businesses with the right political connections managed to advance their offers through informal channels, with the public relying on litigation in the courts, the work of investigative journalists and a humble address by Parliament to bring them to light.¹⁸¹ This secrecy reflects longstanding issues with the opacity of government in Westminster that we have documented thoroughly elsewhere,¹⁸² and that the Labour Party in opposition resolved to address.¹⁸³

The UK is out of step with its allies in not requiring by law that those lobbying for public contracts have to make their activities public. And while in theory ministers must report such attempts to influence them to their department, which should be published under the ministerial code,¹⁸⁴ they appear to have categorically failed to do so in most instances during the pandemic. As a minimum, departments and their political leaders across the UK could do more to improve the timeliness, completeness and meaningfulness of transparency disclosures, including better capturing informal lobbying and communications via non-corporate communication channels (such as WhatsApp). However, this is no substitute for a more comprehensive lobbying register, which the US, Canada and Ireland all possess.

There are also three significant weaknesses in the Procurement Act 2023, which allow a contracting authority to continue using a supplier even when there is evidence of the supplier's misconduct.

First, the Procurement Act 2023 gives authorities wide discretion to ignore grounds that would normally exclude a supplier from entering a public contract. For example, an authority can continue contracting a supplier if it can show future 'commitments' to preventing a reoccurrence of an issue, rather than having already taken concrete steps to do so. Authorities can also use 'any other evidence' they consider appropriate to avoid excluding a supplier.¹⁸⁵ The Act's provisions therefore risk diluting supplier accountability and creating loopholes for abuse by suppliers and authorities.

Second, the Procurement Act is inconsistent in listing offences that lead to mandatory exclusion, acknowledging some from the Proceeds of Crime Act 2002¹⁸⁶ but omitting key offences such as those of the Money Laundering Regulations 2007. This could lead to gaps in regulatory enforcement and allow companies with serious infractions to participate in contracts.

Lastly, the Procurement Act prevents contracting authorities from excluding suppliers based on evidence of economic crimes such as fraud or bribery. They must instead await a conviction. Considering that procurement is the government's highest risk area for fraud and corruption,¹⁸⁷ it is crucial that authorities disqualify companies with credible evidence of misconduct. This is especially important when ongoing investigations and resolution may take years.

RECOMMENDATION 15

In order to better safeguard against misconduct connected to the awarding of public contracts, the UK should:

- **deliver on commitments to introduce an Ethics and Integrity Commission.** The UK Government should deliver the Labour Party's manifesto proposal to introduce a new, independent body responsible for executive ethics oversight with:

- statutory footing
- an open and competitive appointments process
- operational independence
- adequate resources and powers

Parliament should consider an alternative backstop arrangement for imposing sanctions where ministers repeatedly and egregiously engage in misconduct without adequate action from the Prime Minister.

- **strengthen the UK's anti-corruption laws.** The UK Government should bring forward legislation for a new statutory offence of corruption in public office to replace the current unclear common law offence of misconduct in public office.
- **improve government transparency disclosures.** Governments across the UK should take steps to improve the timeliness and meaningfulness of their transparency disclosures covering discussions with outside organisations about official business.

- **bring the UK up to modern lobbying transparency standards.** The UK Government should legislate for a comprehensive UK statutory lobbying register, including transparency over the activities of those trying to influence the awarding of public contracts.

At the earliest opportunity, the UK Government should bring forward amendments to the Procurement Act 2023 to:

- **clarify the rules for when suppliers convicted of wrongdoing can contract.** The amendments should remove Section 58(1)(c) of the Procurement Act 2023, which currently gives contracting authorities discretion to continue engaging suppliers who should be excluded merely on the grounds that the supplier has made commitments, rather than taking action, to avoid engaging in wrongdoing again.
- **include critical offences.** The amendments should expand the grounds for mandatory exclusion to encompass critical offences from the Money Laundering Regulations 2007.
- **allow for evidence-based exclusion.** The amendments should empower contracting authorities to exclude suppliers based on substantial evidence of wrongdoing, rather than solely upon conviction.

CONCLUSION

The UK Government's decisions throughout the COVID-19 pandemic, especially in procurement, have come under intense scrutiny. Allegations of corruption, perceptions of preferential treatment, and concerns about transparency have intertwined with the pandemic's narrative.

The UK Government found itself in the challenging position of securing vital goods and services under extremely tight timelines. The gravity of the situation naturally required swift action, but its approach has severely undermined confidence in its handling of the pandemic response and of public money.

Amid the crisis, accelerated procurement processes, while understandable, introduced significant vulnerabilities and resulted in massive waste. This was not the sole issue: political referrals and favoured companies landing lucrative deals further fuelled public scepticism. Concurrently, authorities purchased poor-quality goods and signed dubious contracts, raising questions about value for money.

This array of issues led the public to perceive corruption, causing some to think that while most people faced pandemic hardships, a privileged few gained.

Ideally, in such times transparency could dispel doubts and solidify trust. Yet the government's approach in this regard faltered. Delays in sharing vital procurement details, an increased reluctance to honour FOI requests, and a trend towards non-disclosure only fanned the flames of public suspicion.

Although these issues were most palpable in the initial phases of the pandemic, their lingering effects eroded public trust even as the immediate crisis began to wane. By mid-2020, public confidence in the government's pandemic response had sharply declined, with allegations and perceptions of corruption becoming a recurrent theme in public discourse and a significant driver of lack of trust in the governmental response.¹⁸⁸

Such a decline in trust is not merely a reputational issue for any government; it carries profound practical implications, especially during a health crisis. A trusting public is more likely to adhere to health guidelines, cooperate with testing and vaccination campaigns, and act in the collective interest. Conversely, mistrust can hinder containment efforts, as seen by sporadic resistance to public health measures.

While it is vital to address immediate health threats like COVID-19, it is ultimately still crucial that the integrity of procurement processes is upheld. The events of the pandemic highlight that corruption, or even its perception, can have cascading effects on public sentiment and the efficacy of a crisis response. Our extensive research, both in 2021 and now in 2024, demonstrates an ongoing need for proper public accountability for billions of pounds of public spending, much of which was exposed to corruption risk and corruption of process. In preparing for future challenges, the UK Government should address transparency, accountability and equitable practices in procurement. Doing so will deter corrupt practices, improve outcomes and reinforce public confidence in the government's decision-making.

ANNEX 1: METHODOLOGY

Research questions

Broadly we sought to answer four questions:

- How have the mechanisms of procurement, especially in terms of transparency, accountability and integrity, evolved in the UK since the onset of the pandemic, and what implications does this have for future crises management?
- What corruption risks emerged in the UKs procurement approach to COVID-19, and how did they change over time?
- What are the observed and potential consequences of the identified corruption risks in the UK's procurement process during the pandemic, and what measures can be introduced for mitigation and reform?
- What issues are preventing 'following the money' spent on the response – from tender through to contract and actual spend?

To do this we used the following methods.

Policy and legislative review

In framing our research, we reviewed existing and forthcoming legislation (notably the Procurement Act 2023 in the UK) as well as relevant policies governing public procurement across the nation. Due to the significant volume of procurement by value in Whitehall and given our time constraints, our analysis focused on regulations set by the UK Government. We also drew insights from:

- academic research on corruption risks in public procurement
- court documents related to litigation over COVID-19 contracts
- guidelines from the Open Contracting Partnership
- reports from national watchdogs, such as the National Audit Office (NAO) on procurement during the pandemic
- publications from expert groups, such as the Government Transparency Institute and the Organisation for Economic Co-operation and Development (OECD).

Open-source catalogue of allegations

To discern corruption risks and issues, we gathered identifiable allegations of political connections with suppliers and mentions of faulty or undelivered products from February 2020. We also included information from the government on the PPE 'VIP lane', and information on similar processes relevant to testing products as obtained by the Good Law Project. We tagged these against the suppliers in our dataset. For suppliers that obtained contracts through high-priority lanes, we flagged only those supplying the same product category. For example, if Company A was successful through the PPE high-priority lane and it received 10 contracts, six of which were for PPE, only six contracts would be flagged.

Procurement data

For this report, we sourced information on the award stage of contracts from five key portals: Public Contracts Scotland, Sell2Wales, Contracts Finder, Tenders Electronic Daily (TED; until the UK Government replaced it on 1 January 2021), and the Find a Tender service. This included extracting contract award notices from the portals, which are structured data releases containing key details of the contract and award process.

We excluded eTendersNI from the process because it did not publish information in the Open Contracting Data Standard (OCDS).

All the data we extracted from the aforementioned procurement portals relates to contracts signed from February 2020 to February 2023.

On procurement portals, notices may contain multiple awards. For our analysis, we split these notices into their constituent 'awards' (in OCDS terminology, the objects in the 'awards' or 'contracts' fields) to create an 'award-level' dataset.

Occasionally, however, authorities publish multiple suppliers in one award object without assigning a contract value to each entity. When this occurs, it could be in relation to multi-supplier contract under a single agreement, but it could be a mistake in data entry. For simplicity, when we refer to contracts, we are referring to an agreement between a single supplier and a single contracting authority. So, we further split the data from the award-level data into supplier-level data, where each row represented a contract.

Because we could not determine the exact portion of value given to these individual suppliers, we excluded these contracts from certain calculations. Where we did not need to do contract-level calculations, we used the award level instead because in terms of contract values, it is more complete.

To derive a dataset relevant to COVID-19 required extensive processing of the data using the following five steps:

1. To guard against double counting, we used an open-source Python package to identify when contract award notices were likely to be duplicates. This involved comparing specific fields, including the title, description, contract award value, supplier and contract award date. We did this in several phases, first between separate portals and then within the resulting dataset. Finally, we manually verified the results.
2. We removed framework contracts from our dataset because they show a ceiling value of the contract, which may or may not be used.
3. When authorities published contracts in a currency other than British pounds, we used Forex Python software to convert the values at the time of the award. In a few cases, conversion rates were not available for the specific award date, so we used the date 1 January 2021.
4. To classify whether contracts were related to COVID-19, we used the machine learning algorithm Random Forest. We trained this on the data from our previous publication, for which we had manually assessed the data. We used the same approach to categorise the data into product groups. Occasionally, one procurement was relevant to two product groups. Because procurement data did not provide a breakdown of the contract value per product group we had to double count the value of the contract. These cases do not have a significant impact on our overall calculations for contract value per product group.
5. We cleaned the resulting dataset using Open Refine software to standardise supplier names and contracting authority names. Through this software we used the Open Corporates API to reconcile supplier names with their entities on Companies House records. From Companies House we drew key data, such as financial and company history, persons of significant control and officers.

We reviewed our resulting dataset by comparing it with a similar dataset provided by Tussell, a private company.

Limitations

We acknowledge the inherent limitations in our methodology of recording allegations of misconduct in contract awards. Our sample is influenced by the priorities and abilities of those probing COVID-19 procurement. While potential issues may exist elsewhere in the UK, the media's attention has centred on contracting within Whitehall. We also understand the value of examining successful procurement practices for insights, and these aspects could be beneficial in subsequent investigations. However, pinpointing such instances has presented challenges.

In addition, as the pandemic evolved and became more routine, the distinction between COVID-related procurement and regular operations began to blur. Notices frequently stopped specifying contract awards as being related to 'COVID', which led to an underrepresentation in our estimates of actual COVID-19 spending because our approach predominantly identified contracts with explicit labels. Some procurement categories, such as 'vulnerable support', are inherently broad, which makes them less discernible as being related to COVID-19 than more specific categories such as 'PPE'. This posed challenges in accurately tracking COVID-19 spending, especially as the pandemic became normalised.

We acknowledge that the contract values sourced from contract award notices do not always equate to actual spend. Changes to the contracts (for example, because of renegotiation) may or may not be updated on the procurement portals.

Although we are confident in the near-completeness of this dataset, we acknowledge the presence of 'known unknowns' – elements we are aware of but that remain unaccounted for in our data. Vaccine supply contracts make up one of these (for detail, see the section 'Overview of UK COVID-19 procurement'). Another example is modifications to existing contracts: because these were signed before February 2020, we have not included them in our dataset.

Although we introduced many levels of quality assurance to produce our procurement dataset, the suboptimal way in which the original data is provided (detailed in the 'Opaque accounting of public expenditure section') means that there is always a risk of human error in compilation and calculations. Further, when certain details were not present (for example, the award date or the amount awarded to each supplier), we could not include these contract award notices in certain calculations, which might have changed the totals slightly for different calculations. Lastly, although we conducted an extensive review of open-source media stories, we cannot know for sure that all credible allegations of impropriety are included in our red-flagging approach.

ANNEX 2: INTEGRITY RISKS IN PUBLIC PROCUREMENT¹⁸⁹

Pre-tendering phase	Needs assessment and market analysis	<ul style="list-style-type: none"> • Lack of adequate needs assessment • Influence of external actors on official decisions • Informal agreement on contract
	Planning and budgeting	<ul style="list-style-type: none"> • Poor procurement planning • Procurement not aligned with overall investment decision-making process • Failure to budget realistically or deficiency in the budget
	Development of specifications/ requirements	<ul style="list-style-type: none"> • Technical specifications are tailored for a specific company • Selection criteria is not objectively defined and not established in advance • Requesting unnecessary samples of goods and services • Buying information on the project specifications
	Choice of procurement procedure	<ul style="list-style-type: none"> • Lack of proper justification for the use of non-competitive procedures • Abuse of non-competitive procedures on the basis of legal exceptions: contract splitting, abuse of extreme urgency, non-supported modifications
Tendering phase	Request for proposal/bid	<ul style="list-style-type: none"> • Absence of public notice for the invitation to bid • Evaluation and award criteria are not announced • Procurement information isn't disclosed and isn't made public
	Bid submission	Lack of competition or cases of collusive bidding (cover bidding, bid suppression, bid rotation, market allocation)
	Bid evaluation	<ul style="list-style-type: none"> • Conflict of interest and corruption in the evaluation process through: <ul style="list-style-type: none"> – Familiarity with bidders over time – Personal interests such as gifts or future/additional employment – No effective implementation of the “four eyes-principle”
	Contract award	<ul style="list-style-type: none"> • Vendors fail to disclose accurate cost or pricing data in their price proposals, resulting in an increased contract price (i.e. invoice mark-ups, channel stuffing) • Conflict of interest and corruption in the approval process (i.e. no effective separation of financial, contractual and project authorities) • Lack of access to records on the procedure
Post-award phase	Contract management/ performance	<ul style="list-style-type: none"> • Abuses of the supplier in performing the contract, in particular in relation to its quality, price and timing: <ul style="list-style-type: none"> – Substantial change in contract conditions to allow more time and/or higher prices for the bidder – Product substitution or sub-standard work or service not meeting contract specifications – Theft of new assets before delivery to end-user or before being recorded – Deficient supervision from public officials and/or collusion between contractors and supervising officials – Subcontractors and partners chosen in an un-transparent way or not kept accountable
	Order and payment	<ul style="list-style-type: none"> • Deficient separation of financial duties and/or lack of supervision of public officials leading to: <ul style="list-style-type: none"> – False accounting and cost misallocation or cost migration between contracts – Late payments of invoices • False or duplicate invoicing for goods and services not supplied and for interim payment in advance entitlement

ANNEX 3: RED FLAGS

Our analysis of COVID-19 contracts used 14 red flags covering three aspects of the procurement process to help identify those that should be subjected to heightened scrutiny. Some contracts were associated with multiple areas of concern; for example, a contract awarded with no competitive tender to a politically connected company that subsequently delivered a faulty product. While these red flags do not prove wrongdoing, they highlight where there should be further investigation.

Risks in the procurement process

- 1. Contract awarded without competition.** The contract award notices provide details that can be classified as 'limited' or 'direct' under Open Contracting Data Standard (OCDS) terminologies.
- 2. Contract award published late.** The contracting authority published the award notice more than 30 days after the contract was signed.
- 3. Part of a high-priority process (e.g., VIP lane).** The supplier was awarded a contract through a high-priority process for the product they supplied. For example, if a supplier was part of the PPE high-priority lane, we raise a flag for its PPE contracts but not for its other COVID-19 contracts.

Risks in the supplier profile

- 4. Supplier is a relatively new company.** The company incorporation date is less than 101 days before the date of the award.
- 5. Supplier owned by corporate entity offshore at time of award.** The supplier's persons of significant control (PSC) are based overseas as a corporate entity, with no details on the individual ultimate owner.
- 6. Persons of significant control involved in a trust structure.** The supplier's PSC are described as owning the company via a trust structure in Companies House data.
- 7. Supplier was dormant just prior to contract award.** We look at filing history with Companies House to identify whether the company was dormant shortly before being awarded a contract.

- 8. Supplier was or became a micro entity after receiving a large contract.** The closest accounts to the contract award date are described as belonging to a 'micro' entity. We raise a flag if the company received a contract worth more than £632,000.
- 9. Politically connected company.** The supplier is reported to have a relationship with a current or former minister or member from the then party of government in Westminster. This is related to donations, whether the politically connected person is a shareholder or has a direct affiliation. (For more information on how we define politically connected companies, see the 'High-risk and improper contracts' subsection.)
- 10. Supplier dissolved before award.** The company dissolution date is before the date the contract was awarded.
- 11. Supplier not formed at the time of award.** The company was created after the contract award date.
- 12. Supplier owned by company based in secretive jurisdiction.** The owning company is based in a country with a secrecy score of over 60 in the Financial Secrecy Index.

Poor contract outcomes

- 13. History of faulty/unusable products or poor contractual outcomes.** All contracts with a supplier alleged to have had an issue with the outcome of one or more of its COVID-19 contracts.

Cross-cutting risks

- 14. Issues cut across all three aspects of the procurement process.** We raise a flag when a contract has at least one flag in each of the above areas (risks in the procurement process, risks in supplier profile, and poor contract outcomes).

ANNEX 4: EXAMPLES OF COMPANIES RECEIVING SUBSTANTIAL PUBLIC CONTRACTS MAKING SIGNIFICANT PROFITS

Inclusion in this table does not imply that any company is guilty or suspected of corruption.

Example 1: Medicines Discovery Catapult Services Limited

	April 2019 – March 2020	April 2020 – March 2021	April 2021 – March 2022
Pre-tax profits	£165,000	£10.4 million	£43.2 million
Pre-tax profit margin (pre-tax profit / turnover)	19%	46%	40%
COVID-19 contracts won by supplier		(April 2020) Contract worth £54 million to support the UK testing strategy. Awarded without competition	(December 2021) Two contracts for lab testing services, valued at £187 million

Example 2: Surescreen Diagnostics Limited

	June 2019 – May 2020	June 2020 – May 2021	June 2021 – May 2022
Pre-tax profits	Not published (small companies' regime)	£67.2 million	£43.9 million
Pre-tax profit margin		45%	25%
Dividends declared		£54.4 million	£36 million
COVID-19 contracts won by supplier		(December 2020 – February 2021) Contracts totalling over £500 million for providing testing kits, all via uncompetitive processes	
Additional information	MP Liam Fox referred Surescreen and subsequently received £20,000 from the company in a donation; ^{xlv} Surescreen provided unusable testing kits to the UK Government; ^{xlvi}		

^{xlv} <https://www.theguardian.com/uk-news/2022/sep/04/mp-liam-fox-dismisses-reports-about-donation-from-covid-firm-as-baseless-smear> [accessed: 1 July 2024]

^{xlvi} <https://goodlawproject.org/250m-wasted-on-vip-covid-tests> [accessed: 1 July 2024]

Example 3: Optigene Limited

	April 2019 – March 2020	April 2020 – November 2020	December 2020 – November 2021
Pre-tax profits	Not published (small companies' regime)	£3.9 million	£51.6 million
Pre-tax profit margin		44%	43%
Dividends declared		£537,000	£8.7 million
COVID-19 contracts won by supplier		(August 2020) Contract worth £323 million for supplying testing kits	

Example 4: Thriva Limited

	January 2019 – December 2019	January 2020 – December 2020	January 2021 – December 2021
Pre-tax profits	Not published (small companies' regime)	Loss of £637,000	£26.2 million
Pre-tax profit margin		0%	35%
COVID-19 contracts won by supplier		(August 2020) Contract worth £61.8 million for testing service, awarded via an uncompetitive process – likely a high-priority lane	(July 2021) Contract worth £124.4 million for home testing services

Example 5: Radox Laboratories Limited

	January 2019 – June 2020	July 2020 – June 2021	July 2021 – June 2022	July 2021 – June 2022
Pre-tax profits	£4.4 million	£219.3 million	£21.3 million	£21.3 million
Pre-tax profit margin	2%	40%	7%	7%
Dividends declared	£15.9 million			
COVID-19 contracts won by supplier	(March 2020) Testing contract worth £133 million awarded without competition	(October 2020 – May 2021) Contracts worth £410.6 million for testing products awarded without competition	(July 2021 – June 2022) Contracts worth £56.6 million for testing products	(July 2021 – June 2022) Contracts worth £56.6 million for testing products

Radox claim their pricing reflected volatile market conditions and risks at the time. See Annex 5 for a summary of their response to our request for comment on these allegations.

ANNEX 5: RESPONSE FROM RANDOX LABORATORIES LIMITED

When approached for comment Randox Laboratories Limited provided the following statement:

“The period in which the relevant contracts were agreed was marked by unprecedented challenges. Consideration has to be given to the nature of the markets at that time and the wide range of factors including, but not limited to, the uncertainty around demand levels and contract duration, accompanying technical risks, supply chain volatility, raw material availability and potential for associated price spikes, infrastructure demands, staffing availability, pre-pandemic and competitor pricing, alongside disposal and decommissioning requirements. A substantial financial risk was taken by Randox at that time to develop, from scratch one of the largest PCR laboratories ever seen in Europe to a scale and at a speed that meant it could play a key role in the management of the pandemic in the UK. You should also be aware that once markets stabilised and the associated risks became subject to more effective controls, Randox was able to reduce pricing markedly. Any profitability analysis based simply on the information that you have referenced [from Companies House] lacks adequate depth or understanding to serve the public interest.

“You will be aware that the contracts that Randox entered into with the Government during the pandemic have already been the subject of detailed scrutiny by the National Audit Office. We urge you to consider the NAO’s Report entitled, ‘Investigation into the government’s contracts with Randox Laboratories Ltd’ dated 24 March 2022 prior to your intended publication.”

ENDNOTES

- 1 HM Treasury, *Main supply estimates 2019 to 2020* (May 2019) p. 80 <https://www.gov.uk/government/publications/main-supply-estimates-2019-to-2020>
- 2 <https://www.spotlightcorruption.org/half-of-vip-lane-companies-supplied-ppe-worth-1-billion-that-was-not-fit-for-purpose> [accessed: 22 January 2024]
- 3 <https://goodlawproject.org/vip-lane-contracts-inflated-by-925m> [accessed: 22 January 2024]
- 4 Department of Health and Social Care, *Annual report and accounts 2021–22* (January 2023) p. 261 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1135637/dhsc-annual-report-and-accounts-2021-2022_web-accessible.pdf
- 5 Transparency International UK, *Track and trace: Identifying corruption risks in UK public procurement for the COVID-19 pandemic* (April 2021) <https://www.transparency.org.uk/sites/default/files/pdf/publications/Track%20and%20Trace%20-%20Transparency%20International%20UK.pdf>
- 6 Transparency International UK, *Track and trace: Identifying corruption risks in UK public procurement for the COVID-19 pandemic* (April 2021) p. 6 <https://www.transparency.org.uk/sites/default/files/pdf/publications/Track%20and%20Trace%20-%20Transparency%20International%20UK.pdf>
- 7 <https://www.gov.uk/government/publications/ppn-0123-requirements-to-publish-on-contracts-finder/guidance-on-the-transparency-requirements-for-publishing-on-contracts-finder-html#publishing-contract-documentation-at-the-award-stage> [accessed: 7 August 2024]
- 8 <https://bylinetimes.com/2023/06/19/hundreds-of-covid-related-contract-documents-worth-more-than-7bn-have-still-not-been-published> [accessed: 8 September 2023]
- 9 Matus Kubak, Peter Nemeč and Marcel Vološin, *On the competition and transparency in public procurement during COVID-19 pandemic in European Union* (March 2021) p. 8 <https://papers.ssrn.com/abstract=3812924>
- 10 Committee of Public Accounts, PPE Medpro: *Awarding of contracts during the pandemic* (July 2023) p. 5 <https://committees.parliament.uk/publications/40919/documents/199374/default>
- 11 <https://www.theguardian.com/politics/2022/jan/12/use-of-vip-lane-to-award-covid-ppe-contracts-unlawful-high-court-rules> [accessed: 1 July 2024]
- 12 <https://goodlawproject.org/vip-lane-contracts-inflated-by-925m> [accessed: 22 January 2024]
- 13 <https://www.transparency.org.uk/concerns-corruption-all-time-high-uk-falls-its-lowest-ever-score-global-corruption-perceptions-index> [accessed: 5 June 2024]
- 14 Department of Health and Social Care, *Annual report and accounts 2021–22* (January 2023) p. 261 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1135637/dhsc-annual-report-and-accounts-2021-2022_web-accessible.pdf
- 15 <https://www.spotlightcorruption.org/half-of-vip-lane-companies-supplied-ppe-worth-1-billion-that-was-not-fit-for-purpose> [accessed: 22 January 2024]
- 16 Committee of Public Accounts, *Department of Health and Social Care 2020–21 annual report and accounts. Sixth report of session 2022–23* (October 2022) p. 10 <https://committees.parliament.uk/publications/22517/documents/165936/default>
- 17 National Audit Office, *The supply of personal protective equipment (PPE) during the COVID-19 pandemic* (November 2020) p. 20 <https://www.nao.org.uk/wp-content/uploads/2020/11/The-supply-of-personal-protective-equipment-PPE-during-the-COVID-19-pandemic.pdf>
- 18 <https://www.gov.uk/government/publications/transforming-public-procurement-our-transparency-ambition/transforming-public-procurement-our-transparency-ambition> [accessed: 29 November 2023]
- 19 Rhys Clyne et al., *Whitehall Monitor 2023* (January 2023) p. 97 <https://www.instituteforgovernment.org.uk/sites/default/files/2023-01/whitehall-monitor-2023.pdf>
- 20 <https://www.opendemocracy.net/en/freedom-of-information/clearing-house-disbanded-overhaul-freedom-of-information> [accessed: 8 September 2023]
- 21 Clyne et al., *Whitehall Monitor 2023* p. 97
- 22 Information Commissioner's Office, *The Information Commissioner's response to Public Administration and Constitutional Affairs Committee's inquiry into the Cabinet Office Freedom of Information Clearing House* (October 2021) p. 1 <https://ico.org.uk/media/about-the-ico/consultation-responses/4021416/ico-response-to-the-pacac-inquiry-into-the-cabinet-office-freedom-of-information-clearing-house.pdf>
- 23 <https://www.theguardian.com/uk-news/2023/oct/15/call-to-extend-scottish-foi-laws-to-private-firms-running-public-services> [accessed: 24 June 2024]
- 24 Public Accounts Committee, *COVID-19: Government procurement and supply of personal protective equipment* (February 2021) p. 12 <https://committees.parliament.uk/publications/4607/documents/46709/default>
- 25 Public Accounts Committee, *Government's contracts with Randox Laboratories Ltd* (n.d.) p. 5
- 26 Organisation for Economic Co-operation and Development, *Public procurement and infrastructure governance: Initial policy responses to the coronavirus (Covid-19) Crisis* (July 2020) https://read.oecd-ilibrary.org/view/?ref=135_135391-eb6wivbrmn&title=Public-Procurement-And-Infrastructure-Governance
- 27 <https://www.ncsl.org/financial-services/price-gouging-state-statutes> [accessed: 24 June 2024]
- 28 <https://www.legislation.gov.uk/ukpga/2023/54/schedule/6/enacted> [accessed: 14 February 2024]
- 29 <https://www.gov.uk/government/publications/stockpile-of-personal-protective-equipment-ppe-on-30-november-2020/stockpile-of-personal-protective-equipment-ppe-on-30-november-2020> [accessed: 29 September 2023]
- 30 Average of the sum of gross current and gross capital public sector expenditure. HM Treasury, *Public expenditure statistical analyses 2023* (July 2023) p. 80 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1171658/E02929310_HMT_PESA_2023_Accessible.pdf
- 31 Institute for Government, *Government procurement: The scale and nature of contracting in the UK* (December 2018) p. 5 https://www.instituteforgovernment.org.uk/sites/default/files/publications/ifg_procurement_WEB_4.pdf
- 32 <https://www.contractsfinder.service.gov.uk/notice/8930d6c5-354d-44d0-8540-c134fe59aa0a> [accessed: 7 February 2024]
- 33 National Audit Office, *The rollout of the COVID-19 vaccination programme in England* (February 2022) p. 9 <https://www.nao.org.uk/wp-content/uploads/2022/02/The-rollout-of-the-COVID-19-vaccination-programme-in-England.pdf>
- 34 <https://www.open-contracting.org/impact/evidence> [accessed: 2 July 2024]
- 35 Lindsey Marchessault, *Open contracting: A new frontier for transparency and accountability* (October 2013) <https://documents1.worldbank.org/curated/en/323951614942795198/pdf/Open-Contracting-A-New-Frontier-for-Transparency-and-Accountability.pdf>

- 36 <https://www.open-contracting.org/news/g7-commits-to-open-and-participatory-public-procurement-reforms> [accessed: 30 January 2024]
- 37 <https://www.open-contracting.org/impact/evidence> [accessed: 2 July 2024]
- 38 <https://www.legislation.gov.uk/ukpga/2023/54/notes/division/5/index.htm> [accessed: 23 July 2023]
- 39 <https://www.gov.uk/government/publications/uk-national-action-plan-for-open-government-2021-2023/uk-national-action-plan-for-open-government-2021-2023> [accessed: 28 September 2023]
- 40 <https://www.gov.scot/publications/scottish-exchequer-fiscal-transparency-discovery-report/pages/1/> [accessed: 6 August 2024]
- 41 <https://ted.europa.eu/udl?uri=TED:NOTICE:129760-2020:TEXT:EN:HTML> [accessed: 25 September 2023]
- 42 <https://www.contractsfinder.service.gov.uk/Notice/2ac47c6a-183a-466b-97c8-b4e07fac2771> [accessed: 25 September 2023]
- 43 <https://www.legislation.gov.uk/ukdsi/2024/9780348259728/part/2#regulation-8> [accessed: 24 June 2024]
- 44 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0024> [accessed: 5 September 2023]
- 45 <https://www.gov.uk/find-tender> [accessed: 5 September 2023]
- 46 Cabinet Office, *Transforming public procurement. Part 2: Consultation on draft regulations to implement the Procurement Bill* (July 2023) p. 38 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1170513/E02921918_CO_Transforming_Public_Procurement_Part_2_Accessible.pdf
- 47 <https://www.open-contracting.org/data-standard> [accessed: 10 October 2023]
- 48 <https://www.gov.uk/government/publications/local-government-transparency-code-2015/local-government-transparency-code-2015> [accessed 18 April 2024]
- 49 <https://www.legislation.gov.uk/ukpga/2023/54/section/70/enacted> [accessed: 1 February 2024]
- 50 Transparency International UK, *Partners in crime: Analysing the potential scale of abuse of limited liability partnerships in economic crime* (October 2022) <https://www.transparency.org.uk/sites/default/files/pdf/publications/Partners%20in%20Crime%20-%20Transparency%20International%20UK.pdf>
- 51 <https://www.theguardian.com/uk-news/2022/dec/09/revealed-the-full-inside-story-of-the-michelle-mone-ppe-scandal> [accessed: 2 July 2024]
- 52 Transparency International UK, *Track and trace*
- 53 Cabinet Office, *Procurement Policy Note: Standard selection questionnaire (SQ)* (April 2023) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1149582/PPN_03_23_-_Standard_Selection_Questionnaire_SQ_.docx.pdf
- 54 Cabinet Office, *Transforming public procurement - Part 2* p. 21
- 55 <https://www.legislation.gov.uk/uksi/2015/102/regulation/50/made> [accessed: 1 September 2023]; <https://www.legislation.gov.uk/ssi/2015/446/contents/made> [accessed: 7 September 2023]
- 56 Transparency International UK, *Track and trace*
- 57 HM Treasury, *Guidance for publishing spend over £25,000* (May 2013) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662332/guidance_for_publishing_spend.pdf
- 58 Institute for Government, *Government procurement* p. 32
- 59 Centre for Health and the Public Interest, *The devil is in the detail: NHS England's contracts with the private hospital sector during COVID-19* (May 2023) <https://chpi.org.uk/wp-content/uploads/2023/05/The-Devil-is-in-the-Detail-NHSEs-contract-with-private-hospital-sector-during-COVID-19-May-2023.pdf>
- 60 Centre for Health and the Public Interest, *Devil is in the detail* p. 18.
- 61 Cabinet Office, *Guidance on the transparency requirements for publishing on Contracts Finder* (n.d.) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1010817/2021-08-10_Guidance_on_transparency_requirements_for_publishing_on_Contracts_Finder_Final_1_.pdf
- 62 <https://bills.parliament.uk/bills/3159> [accessed: 24 August 2023]
- 63 <https://sites.google.com/caspc.co.uk/uk-procurement-transparency/open-contracting/freedom-of-information-requests-202021-covid-contracts> [accessed: 8 September 2023]
- 64 <https://bylinetimes.com/2023/06/19/hundreds-of-covid-related-contract-documents-worth-more-than-7bn-have-still-not-been-published> [accessed: 2 July 2024]
- 65 UK Anti-Corruption Coalition, *Procurement Bill: UKACC evidence submission* (January 2023) <https://acrobat.adobe.com/id/urn:aaid:sc:EU:d096fcee-243a-4564-8deb-06622bc81d6d>
- 66 [https://hansard.parliament.uk/Lords/2022-11-30/debates/5D74C5CD-FACB-43DB-BC2E-653F8C7DFD92/ProcurementBill\(HL\)](https://hansard.parliament.uk/Lords/2022-11-30/debates/5D74C5CD-FACB-43DB-BC2E-653F8C7DFD92/ProcurementBill(HL)) [accessed: 6 December 2023]
- 67 Cabinet Office, *Guidance on transparency requirements*
- 68 <https://www.legislation.gov.uk/ukpga/2023/54/section/53/enacted> [accessed: 2 July 2024]
- 69 Ali Clare et al., *Open contracting and procurement in Slovakia. Establishing trust in government through open data* (January 2016) <https://odimpact.org/files/case-study-slovakia.pdf>
- 70 <https://www.legislation.gov.uk/ukpga/2023/54/section/50> [accessed: 24 June 2024]
- 71 <https://sites.google.com/caspc.co.uk/uk-procurement-transparency/open-contracting/freedom-of-information-requests-202021-covid-contracts> [accessed: 6 August 2024]
- 72 Transparency International UK, *Track and trace* p. 28
- 73 Clyne et al., *Whitehall Monitor 2023* p. 97
- 74 Transparency International UK, *Track and trace* p. 24
- 75 Public Administration and Constitutional Affairs Committee, *The Cabinet Office Freedom of Information Clearing House*, HC 505 (April 2022) p.8 <https://committees.parliament.uk/publications/22055/documents/163743/default/>
- 76 Information Commissioner's Office, *The Information Commissioner's response* p. 1
- 77 Clyne et al., *Whitehall Monitor 2023* p. 97
- 78 UK Anti-Corruption Coalition, *COVID-19: Government procurement and contracts for PPE* (December 2020) <https://static1.squarespace.com/static/5f6df6d897255f2b8e83c9ce/t/60786a3834d3ed5604a19007/1618504252972/UKACC+Covid-19+PAC+Inquiry+Submission.pdf>

- 79 Information Commissioner's Office, *Outsourcing oversight? The case for reforming access to information law* (2019) p. 81 <https://ico.org.uk/media/about-the-ico/documents/2614204/outsourcing-oversight-ico-report-to-parliament.pdf>
- 80 Information Commissioner's Office, *Transparency in outsourcing: A roadmap* p. 26 <https://ico.org.uk/media/for-organisations/documents/1043531/transparency-in-outsourcing-roadmap.pdf>
- 81 <https://www.oecd.org/gov/public-procurement/integrity> [accessed: 30 January 2024]
- 82 Organisation for Economic Co-operation and Development, *Preventing corruption in public procurement* (2016) p. 6 https://baselgovernance.org/sites/default/files/2020-03/oecd_preventing_corruption_in_public_procurement_2016.pdf
- 83 <https://www.transparency.org/en/what-is-corruption> [accessed: 2 July 2024]
- 84 UK Government, *Anti-corruption strategy 2017–2022* (December 2017) pp. 48–52 https://assets.publishing.service.gov.uk/media/5a829eb7e5274a2e87dc21f0/6_3323_Anti-Corruption_Strategy_WEB.pdf
- 85 NHS Counter Fraud Authority, *Strategic intelligence assessment 2021* (June 2021) p. 13 https://cfa.nhs.uk/resources/downloads/documents/corporate-publications/Strategic_intelligence_assessment_2021.pdf
- 86 Ministry of Housing, Communities and Local Government, *Fraud and corruption case studies sent in by councils* (August 2020) https://assets.publishing.service.gov.uk/media/5eda0d1986650c4ab80c7879/Annex_4_-_Fraud_and_Corruption_Case_Studies_-_summary.pdf
- 87 <https://www.thetimes.co.uk/article/hs2-billion-pound-coverup-cost-files-investigation-skzv2nxwj> [accessed: 18 April 2024]
- 88 Mihály Fazekas, Luciana Cingolani and Bence Tóth, *A comprehensive review of objective corruption proxies in public procurement: Risky actors, transactions, and vehicles of rent extraction* (August 2016) p. 6 https://digiwhist.eu/wp-content/uploads/2016/08/GTI_WP2016_3_Fazekas-Cingolani-Toth_Conceptualising-PP-corr_160821.pdf
- 89 Open Contracting Partnership, *Red flags for integrity: Giving the green light to open data solutions* (2016) p. 9 <https://www.open-contracting.org/wp-content/uploads/2016/11/OCP2016-Red-flags-for-integrityshared-1.pdf>
- 90 <https://www.theguardian.com/uk-news/2023/dec/17/how-the-michelle-mone-scandal-unfolded-200m-of-ppe-contracts-denials-and-a-government-lawsuit> [accessed: 24 April 2024]
- 91 <https://committees.parliament.uk/work/6676/governments-contracts-with-randox-laboratories-ltd/> [accessed: 24 April 2024]
- 92 National Audit Office, *Investigation into government procurement during the COVID-19 pandemic* (November 2020) <https://www.nao.org.uk/wp-content/uploads/2020/11/Investigation-into-government-procurement-during-the-COVID-19-pandemic.pdf>
- 93 National Audit Office, *Investigation into the management of PPE contracts* (March 2022) <https://www.nao.org.uk/wp-content/uploads/2022/03/Investigation-into-the-management-of-PPE-contracts.pdf>
- 94 <https://goodlawproject.org/campaign/vip-files-2> [accessed: 24 April 2024]
- 95 <https://www.theguardian.com/uk-news/2023/nov/06/michelle-mone-admits-involvement-with-vip-lane-ppe-company> [accessed: 24 April 2024]
- 96 <https://www.thetimes.co.uk/article/army-called-in-to-help-owen-paterson-firm-randox-on-covid-contract-728qcq5bp> [accessed: 24 April 2024]
- 97 <https://standard.open-contracting.org/latest/en/schema/codelists/#method> [accessed: 11 September 2023]
- 98 Cabinet Office, *Transforming public procurement*, CP 353 (December 2020) p.15 https://assets.publishing.service.gov.uk/media/5fd77b11e90e076630958ecc/Transforming_public_procurement.pdf
- 99 National Audit Office and Cabinet Office, *Lessons learned: Competition in public procurement* (July 2023) p. 6 <https://www.nao.org.uk/wp-content/uploads/2023/07/lessons-learned-competition-in-public-procurement.pdf>
- 100 Organisation for Economic Co-operation and Development, *Competition and procurement* (2011) https://www.oecd.org/en/publications/competition-and-procurement-key-findings_c6e6d5ae-en.html
- 101 National Audit Office and Cabinet Office, *Lessons learned* p. 14.
- 102 Cabinet Office, *Procurement Reform Bill: Impact assessment*, CO2024 (April 2022) <https://bills.parliament.uk/publications/46429/documents/1767> p.30
- 103 <https://www.govtransparency.eu/efficiency-gains-from-anti-corruption-in-pharmaceuticals-procurement-analysis-of-9-countries-across-3-continent> [accessed: 2 July 2024]; <https://www.instituteforgovernment.org.uk/comment/government-end-risky-covid-procurement> [accessed: 11 September 2023]
- 104 <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1467-7717.2008.01053.x> [accessed: 2 July 2024]
- 105 World Bank, *Governance risk assessment system (GRAS) – Advanced data analytics for detecting fraud, corruption, and collusion in public expenditures* (November 2023) p. 12 <https://www.govtransparency.eu/wp-content/uploads/2023/11/WBG-GRAS-Fazekas-Vaz-Mondo-T%C3%B3th.pdf>
- 106 Regulation 32(2)(c), The Public Contracts Regulations 2015 <https://www.legislation.gov.uk/ukSI/2015/102/regulation/32/made> [accessed: 1 May 2024]
- 107 National Audit Office and Cabinet Office, *Lessons learned* p. 27
- 108 Kubak, Nemeč and Vološin, *Competition and transparency* p. 9
- 109 Kubak, Nemeč and Vološin, *Competition and transparency* p. 7
- 110 National Audit Office, *Investigation into government procurement* p. 10
- 111 Jessica Schultz and Tina Søreide, 'Corruption in emergency procurement', *Disasters* 32(4): pp. 516–536 (October 2008) <https://onlinelibrary.wiley.com/doi/epdf/10.1111/j.1467-7717.2008.01053.x>
- 112 Regulation 32(2)(c), The Public Contracts Regulations 2015 <https://www.legislation.gov.uk/ukSI/2015/102/regulation/32/made> [accessed: 26 July 2024]
- 113 Regulation 33(1)(c), The Public Contracts (Scotland) Regulations 2015 <https://www.legislation.gov.uk/ssi/2015/446/regulation/33/made> [accessed: 6 August 2024]
- 114 Cabinet Office, *Transforming public procurement: Government response to consultation* (December 2021) p. 23 https://assets.publishing.service.gov.uk/media/61addef38fa8f5037ac74399/Transforming_Public_Procurement_-_Government_response_to_consultation.v3_.pdf
- 115 <https://www.gov.uk/government/publications/procurement-policy-note-0120-responding-to-covid-19> [accessed: 24 August 2023]; Cabinet Office, *Procurement Policy Note – Procurement in an emergency* (February 2021) https://assets.publishing.service.gov.uk/media/601ad2e5d3bf7f70b531ec1d/PPN-01_21-Procurement-in-an-Emergency.pdf
- 116 Section 42(3) Procurement Act 2023 <https://www.legislation.gov.uk/ukpga/2023/54/section/42> [accessed: 26 July 2023]
- 117 Transparency International UK, *Track and trace* p. 8

- 118 Section 122(5) and (7) Procurement Act 2023 <https://www.legislation.gov.uk/ukpga/2023/54/section/122> [accessed: 26 July 2024]
- 119 Section 44, Procurement Act 2023 <https://www.legislation.gov.uk/ukpga/2023/54/section/44> [accessed: 26 July 2024]
- 120 National Audit Office, *Investigation into government procurement* p. 10
- 121 <https://www.theguardian.com/politics/2024/feb/02/michael-gove-lobbied-by-covid-vip-lanes-biggest-winner-of-ppe-contracts> [accessed: 1 July 2024]; <https://www.theguardian.com/uk-news/2022/nov/23/revealed-tory-peer-michelle-mone-secretly-received-29m-from-vip-lane-ppe-firm> [accessed: 1 July 2024]; <https://www.dailymail.co.uk/news/article-9728949/The-damning-emails-prove-Matt-Hancock-misled-public-friends-Covid-contract.html> [accessed: 1 July 2024]; <https://www.theguardian.com/politics/2023/may/18/covid-contracts-messages-reveal-extent-of-tory-donor-access-to-matt-hancock> [accessed: 1 July 2024]
- 122 <https://www.gov.uk/government/publications/guidance-to-ministers-on-participation-in-commercial-activity/principles-for-ministerial-involvement-in-commercial-activity-and-the-contracting-process#:~:text=Contracts%20are%20normally%20entered%20into,the%20rationale%20for%20the%20result> [accessed: 31 May 2024]
- 123 Sections 81, 82 and 83, Procurement Act 2023 <https://www.legislation.gov.uk/ukpga/2023/54/part/5> [accessed: 2 July 2024]
- 124 <https://www.gov.uk/government/news/ppe-procurement-in-the-early-pandemic> [accessed: 25 August 2023]
- 125 National Audit Office, *Investigation into government procurement* p. 9
- 126 National Audit Office, *Investigation into government procurement* p. 9
- 127 National Audit Office, *Investigation into government procurement* p. 8
- 128 National Audit Office, *Investigation into government procurement* p. 9
- 129 <https://questions-statements.parliament.uk/written-questions/detail/2022-02-07/119853> [accessed: 30 January 2024]
- 130 Transparency International UK, *Track and trace* p. 22
- 131 <https://www.spotlightcorruption.org/half-of-vip-lane-companies-supplied-ppe-worth-1-billion-that-was-not-fit-for-purpose> [accessed: 22 January 2024]
- 132 <https://goodlawproject.org/vip-lane-contracts-inflated-by-925m> [accessed: 22 January 2024]
- 133 UK Health Security Agency, *Response to FOI request on referrers to the COVID testing 'VIP' route* (December 2022) <https://drive.google.com/file/d/1i1DhMGalvuQlfqn2tUjBC0TcNy5rYll/view> [accessed: 6 June 2024]
- 134 UK Health Security Agency, *UKHSA FOI outcome internal review* (March 2023) https://drive.google.com/file/d/1ObLqounodC3kd5Yafa9jBwd7Zt6C5pQz/viewhttps://drive.google.com/file/d/1ObLqounodC3kd5Yafa9jBwd7Zt6C5pQz/view?usp=embed_facebook
- 135 <https://goodlawproject.org/vip-lane-for-testing-contracts> [accessed: 2 July 2024]
- 136 UK Health Security Agency, *Response to FOI request on referrers to the COVID testing 'VIP' route*
- 137 Public Accounts Committee, *PPE Medpro* p. 5
- 138 Public Accounts Committee, *PPE Medpro* p. 5
- 139 <https://www.theguardian.com/politics/2022/jan/12/use-of-vip-lane-to-award-covid-ppe-contracts-unlawful-high-court-rules> [accessed: 3 July 2024]
- 140 <https://www.transparency.org.uk/concerns-corruption-all-time-high-uk-falls-its-lowest-ever-score-global-corruption-perceptions-index> [accessed: 5 June 2024]
- 141 Government Commercial Function, *Applying exclusions in public procurement, managing conflicts of interest and whistleblowing: A guide for commercial and procurement professionals* (September 2021) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1016269/20210909-PPN-04_21-A-Guide-for-Commercial-and-Procurement-Professionals-Updated-version.pdf
- 142 Public Accounts Committee, *Management of PPE contracts*, HC 260 (July 2022) p.6 <https://committees.parliament.uk/publications/23109/documents/169286/default/>
- 143 Transparency International UK, *Track and trace* p. 22
- 144 Fazekas, Cingolani and Tóth, *A comprehensive review* p. 19
- 145 <https://www.gov.uk/annual-accounts/microentities-small-and-dormant-companies> [accessed: 23 October 2023]
- 146 For a summary of key cases, read *Private Eye's* special edition, 'Profits of doom' https://www.private-eye.co.uk/pictures/special_reports/profits-of-doom.pdf [accessed: 6 June 2024]
- 147 <https://www.standard.co.uk/news/uk/ppe-procurement-scandal-uk-2021-b935842.html> [accessed: 6 June 2024]
- 148 <https://www.theguardian.com/world/2020/dec/18/uk-logistics-firm-almost-800m-covid-contracts-without-tender-uniserve> [accessed: 6 June 2024]
- 149 <https://www.bbc.co.uk/news/uk-politics-67736860> [accessed: 6 June 2024]
- 150 Public Accounts Committee, *Oral evidence: Management of PPE contracts*, HC 1214 (April 2022), Q29 <https://committees.parliament.uk/oralevidence/10110/default/>
- 151 Public Accounts Committee, *Government's contracts with Randox*
- 152 <https://www.legislation.gov.uk/ukpga/1998/41/contents> [accessed: 6 June 2024]
- 153 Public Accounts Committee, *Government's contracts with Randox*
- 154 National Audit Office, *Supply of personal protective equipment*
- 155 World Health Organization, *Strengthening the health systems response to COVID-19: Supply of essential medicines and health technologies* (April 2020) p.5 <https://iris.who.int/bitstream/handle/10665/332569/WHO-EURO-2020-673-40408-54169-eng.pdf?sequence=1>
- 156 <https://www.ncsl.org/financial-services/price-gouging-state-statutes> [accessed: 24 June 2024]
- 157 <https://www.sfo.gov.uk/2016/02/19/sweett-group-plc-sentenced-and-ordered-to-pay-2-3-million-after-bribery-act-conviction> [accessed: 2 July 2024]; <https://commonslibrary.parliament.uk/research-briefings/sn05367> [accessed: 2 July 2024]; <https://www.theguardian.com/business/2017/jan/16/rolls-royce-to-pay-671m-over-bribery-claims> [accessed: 1 July 2024]
- 158 <https://bylinetimes.com/2020/09/23/government-ppe-procurement-coronavirus-scramble> [accessed: 1 July 2024]
- 159 <https://find-and-update.company-information.service.gov.uk/company/00524279/filing-history> [accessed: 2 July 2024]
- 160 <https://www.theguardian.com/society/2020/nov/03/45m-deal-for-nhs-masks-collapses-amid-claims> [accessed: 1 July 2024]
- 161 Section 7, Bribery Act 2010 <https://www.legislation.gov.uk/ukpga/2010/23/section/7> [accessed: 29 July 2024]

- 162 Ciaran Martin, Hester Kan and Maximilian Fink, *Crisis preparation in the age of long emergencies* (July 2023) p. 10 <https://www.bsg.ox.ac.uk/sites/default/files/2023-03/BSG-Crisis-preparation-age-long-emergencies.pdf>
- 163 Johns Hopkins Bloomberg School of Public Health and Nuclear Threat Initiative, *2019 Global Health Security Index* (October 2019) p. 20 <https://www.ghsindex.org/wp-content/uploads/2019/10/2019-Global-Health-Security-Index.pdf>
- 164 Martin, Kan and Fink, *Crisis preparation* p. 11
- 165 <https://www.pnas.org/doi/10.1073/pnas.2105482118> [accessed: 3 July 2024]; Martin, Kan and Fink, *Crisis preparation* p. 11
- 166 <https://www.thetimes.co.uk/article/once-in-a-lifetime-events-are-the-new-normal-388b3w2gd> [accessed: 8 December 2023]
- 167 <https://www.cgdev.org/blog/financing-global-health-security-and-pandemic-preparedness-taking-stock-whats-next> [accessed: 24 January 2024]
- 168 <https://www.mckinsey.com/industries/public-sector/our-insights/not-the-last-pandemic-investing-now-to-reimagine-public-health-systems> [accessed: 24 January 2024]; <https://www.cgdev.org/blog/financing-global-health-security-and-pandemic-preparedness-taking-stock-whats-next> [accessed: 24 January 2024]
- 169 Lorcan Clarke et al., 'The costs of improving health emergency preparedness: A systematic review and analysis of multi-country studies', *eClinicalMedicine* 44 (February 2022): p. 6 <https://doi.org/10.1016/j.eclinm.2021.101269>
- 170 <https://www.mckinsey.com/industries/public-sector/our-insights/not-the-last-pandemic-investing-now-to-reimagine-public-health-systems> [accessed: 24 January 2024]
- 171 <https://www.gov.uk/government/publications/stockpile-of-personal-protective-equipment-ppe-on-30-november-2020> [accessed: 3 July 2024]
- 172 <https://www.theguardian.com/world/2020/apr/12/revealed-value-of-uk-pandemic-stockpile-fell-by-40-in-six-years> [accessed: 1 July 2024]
- 173 Organisation for Economic Co-operation and Development, *Public procurement and infrastructure governance* p.12
- 174 <https://www.gov.uk/government/publications/terms-of-reference-for-the-independent-adviser-on-ministers-interests--2/terms-of-reference-independent-adviser-on-ministers-interests> [accessed: 20 August 2024]
- 175 Transparency International UK, *Accountable influence: Bringing lobbying out of the shadows* (September 2015) p.26 https://www.transparency.org.uk/sites/default/files/pdf/publications/Accountable_Influence_Bringing_Lobbying_out_of_the_Shadows.pdf
- 176 <https://www.gov.uk/government/publications/terms-of-reference-for-the-independent-adviser-on-ministers-interests--2/terms-of-reference-independent-adviser-on-ministers-interests> [accessed: 29 July 2024]
- 177 Labour Party, *Labour Party manifesto 2024* p.107 <https://labour.org.uk/wp-content/uploads/2024/06/Labour-Party-manifesto-2024.pdf>
- 178 <https://www.legislation.gov.uk/ukpga/2010/23/contents> [accessed: 29 July 2024]
- 179 <https://www.legislation.gov.uk/ukpga/2006/35/contents> [accessed: 29 July 2024]
- 180 <https://lawcom.gov.uk/reform-outdated-offence-of-misconduct-in-public-office-recommends-law-commission> [accessed: 9 February 2024]
- 181 For examples see: <https://www.theguardian.com/uk-news/2022/dec/05/michelle-mone-covid-lobbying-extraordinarily-aggressive-claims-matt-hancock>; <https://www.theguardian.com/politics/2023/may/18/covid-contracts-messages-reveal-extent-of-tory-donor-access-to-matt-hancock>; <https://www.bbc.co.uk/news/uk-politics-57129745>; <https://www.thetimes.co.uk/article/matt-hancock-helped-tory-secure-180m-ppe-deal-chv05lj3n>; https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052476/government-response-to-humble-address-motion-on-randox-contracts.pdf [accessed: 30 July 2024]
- 182 Transparency International UK, *Understanding access and potential influence in Westminster* (September 2021) <https://www.transparency.org.uk/sites/default/files/pdf/publications/Understanding%20Access%20and%20Potential%20Influence%20in%20Westminster.pdf>
- 183 <https://www.prweek.com/article/1830376/labour-lobbying-crackdown-welcomed-ciprc> [accessed: 30 July 2024]
- 184 Paragraph 8.14, *Ministerial Code* (December 2022) <https://www.gov.uk/government/publications/ministerial-code/ministerial-code> [accessed: 30 July 2024]
- 185 Section 58(1)(e), Procurement Act 2023 <https://www.legislation.gov.uk/ukpga/2023/54/part/3/chapter/6/crossheading/excluding-suppliers>
- 186 Paragraph 14 of Schedule 6, Procurement Act 2023 <https://www.legislation.gov.uk/ukpga/2023/54/schedule/6> [accessed: 29 July 2024]
- 187 <https://www.unodc.org/e4j/zh/anti-corruption/module-4/key-issues/corruption-in-public-procurement.html> [accessed: 4 September 2023]
- 188 Liam Wright et al., 'Public opinion about the UK Government during COVID-19 and implications for public health: A topic modeling analysis of open-ended survey response data', *PLoS One* 17(4) (web) (2022) <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9009625>
- 189 Organisation for Economic Co-operation and Development, *Preventing corruption in public procurement* p. 9

Transparency International UK
10 Queen Street Place,
London,
EC4R 1AG



[transparency.org.uk](https://www.transparency.org.uk)

Transparency International UK
Registered charity number 1112842
Company number 2903386